

**ANNUAL BUDGET OF**

# **Oudtshoorn Municipality**



**2017/18 TO 2019/20**

**MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	MEC	Member of the Executive Committee
ASGISA	Accelerated and Shared Growth Initiative	MFMA	Municipal Financial Management Act
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CBD	Central Business District	MMC	Member of Mayoral Committee
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRR	Capital Replacement Reserve	MTREF	Medium-term Revenue and Expenditure Framework
DBSA	Development Bank of South Africa	NDP	National Development Plan
DoRA	Division of Revenue Act	NERSA	National Electricity Regulator South Africa
DWA	Department of Water Affairs	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
EEDSM	Energy Efficiency Demand Side Management	OHS	Occupational Health and Safety
EM	Executive Mayor	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	mSCOA	Municipal Standard Chart of Accounts
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

Honourable Speaker, Deputy Mayor, Members of the Mayoral committee, Councilors, Municipal Manager, Directors, guests, ladies and gentlemen, good morning.

It is my privilege to submit the annual budget and MTREF (medium term revenue expenditure framework) for Oudtshoorn Municipality in accordance with the provisions of the MFMA and Municipal Budget and reporting regulations before council today. This is the first budget drafted under the political control of the Democratic Alliance for Oudtshoorn and we are indeed entering a new era of clean governance and prudent financial management of the Oudtshoorn municipality. This MTREF serves to further aid in the financial recovery of the municipality while simultaneously providing financial resources for much needed service delivery to the Oudtshoorn community.

The budget further serves as a basis for financial sustainability in the medium and long term through appropriate allocation of limited financial resources for all operational requirements. The budget was once again prepared under very difficult circumstances in a time where the municipality is still fighting for its financial survival on a daily basis as a result of past inherited legacies. The budget for 2017/2018 attempts to return the operations to normality and it has again been prepared with restraint in all areas of expenditure. The Oudtshoorn community has the right to be provided with high quality reliable services and the resources at our disposal are therefore focused on delivering these services in accordance with the mandate of the municipality as assigned in the constitution.

The growing demand for services is placing a further strain on the resources of the municipality as funding is still limited and the local economy remains under strain.

#### **Global economic outlook**

The International Monetary Fund (IMF) expected the global economic growth to remain at 3.1% in 2016 before accelerating moderately to 3.4% in 2017. Global economic growth remained under pressure with a moderate acceleration in growth only forecasted for 2017. Economic growth in Sub-Saharan Africa was expected to be no more than 1.6% for 2016 with a recovery of 3.3% expected for 2017.

#### **National Economic outlook**

The weaker growth in the first quarter of 2016 confirms that the South African economy is still under pressure with a current pessimistic outlook. Although the economy expanded in the second quarter of 2016, it may not have been enough to change the generally restrained outlook for the economy. A growth of only 0.5% was projected for 2016 and it is further projected that the economy will grow by only 1.3% for 2017. A slight improvement is anticipated for 2018 with a 2% growth rate predicted and 2.2% for 2019.

Consumer inflation outlook has again deteriorated and it is expected that inflation will remain outside the South African Reserve Bank target of between 3 and 6 per cent for the immediate future. A slight decline is expected over the MTREF and a 5.6% inflation rate is predicted for 2019/2020. Although the Rand more recently performed robustly because of a demand for South African Bonds, it is expected to remain volatile over the next 12 to 18 months.

The aforementioned factors will collectively add to the woes of consumers and further stretch the affordability threshold of municipal services directly influencing the Oudtshoorn municipal budget.

Higher inflation, interest rates and weaker employment growth will influence the ability of all municipalities to generate and collect revenue for services. Persistent unemployment remains one of the biggest challenges facing the country with a further decline in employment being evident in the last quarter with the economy shedding another 112 000 jobs and the unemployment rate increasing to 26.6%.

Against this backdrop, poverty in South Africa is set to rise as disposable income keeps on reducing, placing the National Development Plan (NDP) goals of the eradication of extreme poverty, reduction in joblessness and doubling of incomes by 2030 further out of reach.

***In addition;***

- Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently.
- Inflation is projected to be 6.4% in 2017/18, 5.7% in the 2018/19, and 5.6% in the 2019/20 financial years respectively.
- The economy of the Western Cape is expected to have grown marginally higher than the national average but still lags far behind that of other developing economies.
- Our revenues and especially our cash flows are still expected to remain under pressure in the 2017/18 financial year and beyond hence we maintain a conservative approach when projecting our expected revenues and cash receipts.

**Oudtshoorn brief financial overview**

The municipality still finds itself in a dismal financial position constantly having to manage ourselves out of what we find ourselves in. The following needs to be highlighted:

- The cash position has deteriorated over the last 5 years from a positive R48 Million as at 30 June 2011 to a current cash flow deficit.
- Trade Creditors have increased from R11 Million in 2011 to an amount exceeding R90 Million in November 2015 but have subsequently been reduced to R40 Million.
- Debtor collection is averaging at approximately 96% for the year to date with a projected under recovery of R 16 million in the current financial year placing a further strain on the cash flow.
- The cash flow position remains dismal and it is anticipated that the status quo will remain for the MTREF when financial recovery should be completed.



## **Focus of the 2017/2018 budget**

### **Growth and infrastructure**

Both national and provincial governments view infrastructure as an important means of promoting sustainable growth and reducing poverty, with the national government having allocated large portions of its budget for this purpose. Economic infrastructure which is a focus for Oudtshoorn municipality must include the following; Electricity transmission, Waste water treatment works, Road building and maintenance, Water supply

Ladies and gentlemen, it is clear that the provision of infrastructure will be key to the long term financial sustainability of the municipality. It is crucial that this council and its community at large agree on areas in which growth potential lies and ensure that appropriate infrastructure services are properly funded.

In mitigating the financial crises we have revised our spending plans to ensure key service delivery objectives are achieved. In this MTREF we have ensured that we eradicate non-priority spending and reprioritise expenditure to focus on core infrastructure and service delivery needs.

National Treasury Budget Circulars 78 and 79 also emphasizes the constricting economic climate in which we need to operate and urges municipalities to ensure value for money spending, protection of the poor and encourages the municipalities to carefully evaluate all spending decisions.

### **Capital Budget**

The capital budget flows from the IDP process and contains information obtained from infrastructure master plans and relevant stakeholders through public participation processes as well as ward committee processes where applicable.

The financial crises has unfortunately forced us to the extent where mainly grant funded capital investment can be considered, the capital investment from own funds are restricted to the replacement of small capital items at municipal facilities to secure revenue inflow from residents, visitors and tourists alike.

Total funded capital projects for the 2017/2018 financial year amounts to R 37.235 Million with the main focus being the following:

Water Infrastructure	R 9.07 Million
Electricity	R 6.83 Million
Sanitation	R 2.19 Million
Refuse Removal	R 3.95 Million
Roads Infrastructure	R 5.01 Million
Sport and recreation facilities	R 7.52 Million

The capital budget is funded mainly by means of grants from National and Provincial Government in the amount of R 29.88 Million. The remainder will be financed from own revenue generated amounting to R7.349 Million.

## Operating Budget

The operating budget for the 2017/2018 financial year amounts to R 663.07 Million which represents an increase of R 81.56 million or 14.03% over the 4<sup>th</sup> revised budget for 2016/2017.

The cost drivers of the increase in the budget can be summarized as follows:

- 7.4% increase in the wage bill in accordance with the multi-year wage agreement.
- Increase in employee related cost and provisions associated with the appointment of critical staff members as well as the filling of positions on a permanent basis.
- Inflationary pressure and the general increase in the price of goods and services.
- Exchange rate fluctuation especially on specialist goods required in service delivery.
- Operational requirements to ensure service delivery standards are complied with, this is specifically in respect of electricity, roads and water and waste water.

Housing allocation for the construction of houses has increased from R 31.95 Million in the 2016/2017 financial year to R 35.06 Million in the 2017/2018 financial year. The municipality will continue to expedite the delivery of houses to meet the increasing demand for housing opportunities.

Although revenue sources remains under strain the municipality has no alternative but to increase tariffs for the 2017/2018 financial year above the norm in accordance with the financial recovery plan that was approved by council. The council has in accordance with the National Treasury circulars adopted a pro-poor approach and the increase in tariffs for lower levels of consumption have been limited as far as possible to within inflationary targets.

As a result of the worst drought that has hit South Africa in more than 20 years, the municipality will continue to increase water tariffs in the higher end of the sliding scale to aid in the conservation of this scarce resource and to discourage excessive use of this natural resource.

Although water tariffs have been increased above CPIX for the current as well as new financial year, they were once again benchmarked with other similar size municipalities and it was found that the tariffs proposed herein falls well within the norm.

In an attempt to balance service delivery with affordability and financial recovery, the following tariff increases are necessary;

Electricity 3.88 per cent, Water between 6.8 and 11.4 per cent depending on the scale of consumption, Sewerage 10.40 per cent and refuse charges 10.40 per cent.

With the commencement of the new valuation roll, assessment rates tariffs have been reduced in to counter the increase in valuations. Assessment rates revenue accounts will therefore increase at an average of 10.4% in accordance with the financial recovery plan. I have to again emphasize that once financial recovery is complete, the annual increase in assessment rates will, where possible be limited to CPIX and other service charges will be cost reflective and we will endeavor to keep it within the limits of inflation and National Treasury guideline increases. The assessment rate tariff applicable to business and residential properties have been reduced by 7.7% and the tariff applicable to agricultural properties by 19.4 per cent.

Increases in all categories of expenditure have been limited yet critical institutional issues had to be budgeted to ensure that service delivery standards will be met and prevailing legislative requirements are adhered to. An additional R3 Million has been set aside for repairs and maintenance expenditure in the budget in order to meet maintenance and service delivery requirements and to protect the health of assets, thereby preventing current infrastructure from falling further into disrepair.

We are continuing to promote savings and austerity measures, including savings on overtime, standby and other employee related cost, limiting all vehicle related expenses, travelling and subsistence allowances as well as scaling down on contracted services and making sure that we receive value for money in all our spending.

### **Indigent subsidies**

Provision is made in the operating budget for the subsidizing of indigent households as follows; the first 6kl of water per month as well as 50 units of electricity will be free of charge, a 100% subsidy for refuse removal and sewerage charges will be given. A rebate on assessment rates will also be given for Indigent households up to a valuation of R70.000. The indigent subsidy package is based on the national norm and stretches the affordability threshold of the municipality due to the growing number of indigent households. The total amount in respect of free services, inclusive of free services given in Eskom distribution areas and assessment rates rebates exceed R 37.1 million in the 2017/2018 financial year.

### **In conclusion**

The budget tabled here today serves to not only further aid in the financial recovery of the municipality, but also to ensure that service delivery needs of all communities are met on a continuous and in a consistent manner.

Please allow me to express my appreciation to the Municipal Manager, the CFO and his staff for the effort in preparing the budget.

I would also like to thank all councillors and the members of the public, business and all other stakeholders who took part and provided valuable input in the budget and IDP process.

Speaker it is therefore my privilege to submit the 2017/2018 budget and MTREF to council for consideration and approval.

I thank you.

**C SYLVESTER  
EXECUTIVE MAYOR**

## 1.2 Council Resolutions

1. The Council of Oudtshoorn Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 17 on page 34 (MBRR Table A2);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 18 on page 36 (MBRR Table A3);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 19 on page 37 (MBRR Table A4); and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 20 on page 40 (MBRR Table A5).
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 21 on page 42 (MBRR Table A6);
    - 1.2.2. Budgeted Cash Flows as contained in Table 22 on page 44 (MBRR Table A7);
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 23 on page 45 (MBRR Table A8);
    - 1.2.4. Asset management as contained in Table 24 on page 46 (MBRR Table A9); and
    - 1.2.5. Basic service delivery measurement as contained in Table 25 on page 48 (MBRR Table A10).
2. The Council of Oudtshoorn Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017; the tariffs for property rates, the tariffs for electricity, the tariffs for the supply of water, the tariffs for sanitation services, the tariffs for solid waste services as set out in Annexure "A"
3. The Council of Oudtshoorn Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017 the tariffs and fees for other services inclusive of all miscellaneous tariffs as set out in Annexure "A".
4. To give proper effect to the municipality's annual budget, the Council of Oudtshoorn Local Municipality approves:

- 4.1. That cash backing be implemented through the utilisation of a portion of the realisable accumulated surplus that may be realised as at the end of the financial year to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
5. That the following budget related policies attached as Annexure "B" be approved"
  1. Budget Policy
  2. Credit Control and Debt Collection procedures/policies
  3. Asset Management Policy
  4. Long Term Financial Planning Policy
  5. Indigent Policy
  6. Property Rates Policy
  7. Supply Chain Management Policy
  8. Grants in Aid Policy
  9. Borrowing Policy
  10. Virement Policy
  11. Private Work and Declaration of Interest Policy
  12. Study Bursary Policy
  13. Cash Management and Investment Policy
  14. Tariff Policy
  15. Unauthorised, Fruitless and Wasteful Expenditure Policy
  16. Funding and Reserves Policy
  17. Petty Cash Policy
  18. Infrastructure Procurement Policy
  19. Cellular Telephone Policy
  20. Travelling and Subsistence Policy
  21. Overtime Policy
6. That the Service Level Standards attached as Annexure "C" be adopted.
7. That the Long term financial plan attached as Annexure "D" be approved.
8. That the LGMTEC assessment attached as Annexure "G" and municipal response thereto be noted.
9. That the Public input received through the public participation process attached as Annexure "F" and municipal responses thereon as contained in the main budget be noted.
10. That the necessary amendments to the credit control and debt collection by-law be effected to give effect to the policy amendments contained in the attached credit control and debt collection policy.
11. That the council of Oudtshoorn Municipality, acting in terms of Section 25 of the Local Government Municipal Systems Act , (Act 32 of 2000) approves and adopts with effect from 1 July 2017, the 2017 – 2022 Integrated Development Plan.

### 1.3 Executive Summary

The estimates for the 2017/2018 financial year and Medium Term Revenue and Expenditure Framework (MTREF) was drafted under extremely difficult circumstances as the municipality still finds itself in a difficult financial position and service delivery demands are increasing on a daily basis. The application of prudent financial management principles for the compilation of Oudtshoorn Municipality's financial plan is of essence to ensure that Oudtshoorn Municipality becomes financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The new 5 year IDP informs the budget and serves to aid in the review of the service delivery priorities as an integral part of this year's planning and budgeting process. The budget serves to address crucial service delivery needs and to ensure compliance with legislative requirements and to meet service delivery obligations. The current year budget and revised budgets together with the financial recovery plan laid the foundation for financial recovery and the budget continues to support the principles of financial viability and sustainability.

To aid in the financial recovery Oudtshoorn Municipality is busy with the compilation of a revenue enhancement strategy which will ensure that all revenue sources are optimized and that all amounts due to the municipality are correctly billed and collected.

National Treasury's MFMA Circular No. 85 and 86 were used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- The dismal financial position that the municipality finds itself in and the fact that the municipality would need to further burden the ratepayers and consumers in difficult economic circumstances to navigate out of the financial crises.
- The prolonged recovery from the economic downturn that is still hampering growth and development not only locally but provincially and nationally.
- Very little own funding is available to fund much needed infrastructure, refurbishment or renewals.
- The huge backlog and limited funding to address the housing backlog is placing a strain on infrastructure, financial and other resources.
- Ageing and poorly maintained water, roads and electricity infrastructure;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budgets set the base line for the budget of 2017/2018 and where appropriate a zero base budgeting principle has been used.
- Cost cutting and austerity measures have been applied in all expenditure categories and value for money considerations are made in all expenditure incurred.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the input of services that are beyond the control of the municipality, for instance the continued escalation in the fuel price and the above average increase in specialized goods and

services needed in service delivery. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.

- The execution of the financial recovery plan and the continued effort to move the municipality from the brink of bankruptcy to a position of financial sustainability.
- Recovery from preceding years of operating deficits, the repayment of long overdue creditors and the strict application of prudent financial management principles.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2017/18 MTREF**

Description	4th Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Revenue	-602 767 608	-652 307 400	-695 912 957	-741 262 114
Total Operating Expenditure	581 503 327	663 069 000	685 439 103	707 771 342
Total Capital Expenditure	60 144 031	37 235 842	49 582 370	72 523 684

Total revenue has grown by 8.22 per cent or R49.5 Million for the 2017/18 financial year when compared to the 2016/17 4<sup>th</sup> adjustments budget. For the two outer years, operational revenue will increase with 6.68 per cent and 6.51 per cent respectively equating to a total revenue growth of R 138.5 Million over the MTREF when compared to the 2016/17 final revised budget figure.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 581.5 million and translates into a budgeted deficit of R10.76 million before taking into account non-cash items such as provisions to employee benefits and depreciation charges. The offset of the aforementioned non-cash items results in a budgeted cash surplus of R23.5 million for the 2017/2018 financial year. It must however be emphasized that a real cash surplus is not yet generated from operations as it is not prudent financial management practice to claw back depreciation and other non-cash items to realize a surplus. It must also be reiterated that the current Eskom debt as well as arrears amounts owed to various creditors needs to be funded from operational revenue and this can only be done if additional savings are realized during the course of the next financial year and if additional revenue sources can be identified to add to the municipal revenue streams.

When compared to the 2016/17 4<sup>th</sup> adjustments Budget, operational expenditure has increased with 14.82 per cent in the 2017/18 budget and increases with 3.73 per cent for 2018/2019 and 3.26 per cent for the 2019/2020 financial year being the outer years of the MTREF. The operating result for the two outer years steadily improves to an anticipated surplus by the conclusion of the MTREF. The surpluses will need to be significantly increased before substantial amounts can be appropriated for much needed capital funding or refurbishment.

To attain a sound financial position at current cost, a surplus of at least R110 million is necessary to provide a sound operating reserve and to start investing into infrastructure provisioning.

The capital budget of R 37.236 million for 2017/18 is 21.37 per cent less than the originally approved budget for 2016/2017 and 38.09 per cent less than the capital budget reflected in the 4<sup>th</sup> adjustment budget for 2016/2017. The initial increase was as a result of the rollover funding

that was approved where-after additional allocations were received for drought relief and infrastructure planning. The capital program increases to R 49.58 million in the 2018/19 financial year and further increases to R 72.52 million in the 2019/20 financial year. It is once again emphasized that for the entire MTREF very little provision is made for the purchase of new assets from own funding with the exception where additional revenue is raised to address critical refurbishment requirements. A consideration will therefore only be made for the refurbishment or replacement of assets considered critical in operations and revenue generation.

The bulk of the capital budget will be funded from Government grants and subsidies as the municipality do not have the financial resources to commit large amounts of its own funds to capital financing. No provision is made for borrowing as the current liquidity position do not allow for any further increase in liabilities.

## **1.4 Operating Revenue Framework**

For Oudtshoorn Municipality to continue improving the quality of life of its communities through the delivery of high quality services, it is necessary to generate sufficient revenue from rates and service charges. It is also important to ensure that all billable revenue is firstly correctly charged and secondly adequately collected. The prevailing economic circumstances are adding to the difficulties in collecting the revenue that is due to the municipality and additional savings initiatives will need to be implemented in the MTREF to ensure the financial sustainability of the municipality.

The expenditure required to address the needs of the community will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenue streams.

To enable the municipality to recover financially, various factors needs to be taken into account and various initiatives needs to be embarked on, the following are of essence to aid in the financial recovery of the municipality.

- Austerity measures – Savings across the board on all general expenditure items, savings on employee cost such as overtime and standby allowances, limiting travelling and subsistence expenditure, saving on printing cost and a general limitation on spending on general expense items. Limiting refreshments and catering to the bare minimum, very little special programs or events are budgeted and will only be executed subject to the cash flow being available..
- Further saving on fuel and vehicle operating cost will be applied.
- Value for money through the strict enforcement of supply chain principles will be ensured in all procurement processes and a zero tolerance to fraud and corruption will be enforced.

The municipality's revenue strategy is built around the following key components:

- The financial recovery of the municipality.
- Cost reflective tariff setting – It is evident that mostly all tariffs categories were escalated by a fixed percentage determined year-on-year for at least the last 10 financial years, this has skewed the tariffs to the extent that unintended cross subsidization between rates and general services and economic as well as trading services are still taking place.
- A proper activity based costing model would need to be implemented as a starting point to determine the real cost of service rendering and appropriate tariff setting. The



municipality has obtained funding for remodeling of its refuse tariffs but it will only take effect on the refuse tariffs from 1 July 2018.

- A revenue enhancement strategy is in the finalization stage to assist in ensuring that all revenue is correctly billed in accordance with the category, user type and tariffs and number of service units as determined by the municipality, if correctly applied and implemented, it will ensure that consumers across the board are saved from further above average tariff increases;
- Above average tariff increases are still proposed for the next 2 financial years, this is of essence to sustain and improve on service delivery standards and to expedite the financial recovery of the municipality;
- The municipal council has adopted a principle of protecting the poor from excessive tariff increases and will therefore endeavor to limit the increase to lower income consumers in line with inflationary trends.
- National Treasury's guidelines and macroeconomic policy growth and tariff increases, although the financial recovery still necessitate a motivation to the National Treasury for above inflation rate tariff increases;
- Revenue enhancement and maximizing the revenue base;
- Efficient revenue management, which aims to ensure a minimum 97% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Moving towards cost reflective tariff increases for water, sanitation and refuse collection;
- Budgeting for a moderate surplus at the conclusion of the MTREF to enable the municipality to build cash reserves to back statutory funds and provisions and to build an operating reserve.
- Fully subsidizing all indigent households in terms of the relief offered by the municipality

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

WC045 Oudtshoorn - Table A4 Budgeted Financial Performance (revenue and expenditure)

Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	50 065	57 595	62 589	71 152	75 614	75 614	75 614	83 694	89 552	95 821
Service charges - electricity revenue	2	156 345	171 073	186 503	225 135	220 120	220 120	220 120	229 535	243 078	257 176
Service charges - water revenue	2	38 671	46 127	46 567	70 271	71 137	71 137	71 137	72 691	84 375	91 595
Service charges - sanitation revenue	2	20 795	23 129	24 550	34 532	34 852	34 852	34 852	35 700	37 807	40 000
Service charges - refuse revenue	2	9 728	11 078	11 456	20 043	21 261	21 261	21 261	23 845	25 252	26 716
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1 908	2 368	2 278	2 162	1 990	1 990	1 990	1 638	1 737	1 840
Interest earned - external investments		2 674	665	1 018	274	1 670	1 670	1 670	2 757	3 267	3 778
Interest earned - outstanding debtors		6 416	8 751	9 547	8 650	7 140	7 140	7 140	6 604	6 799	7 002
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		4 840	6 572	11 874	11 020	11 020	11 020	11 020	11 896	12 598	13 329
Licences and permits		333	585	1 285	15 576	17 060	17 060	17 060	18 196	19 270	20 387
Agency services		4 136	3 161	2 200	–	–	–	–	–	–	–
Transfers and subsidies		85 920	85 537	69 057	99 807	74 882	74 882	74 882	108 062	96 095	81 022
Other revenue	2	24 583	50 167	20 642	20 823	23 146	23 146	23 146	22 627	23 964	25 360
Gains on disposal of PPE		48	–	14	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		406 462	466 808	449 579	579 444	559 893	559 893	559 893	617 245	643 793	664 026

**Table 3 Growth in revenue by main revenue source**

Description	2017/18 Medium Term Revenue & Expenditure Framework				
	Budget Year 2017/18	Growth %	Budget Year +1 2018/19	Growth %	Budget Year +2 2019/20
<b>Revenue By Source</b>					
Property rates	83 694	7.00	89 552	7.00	95 821
Service charges - electricity revenue	229 535	5.90	243 078	5.80	257 176
Service charges - water revenue	72 691	16.07	84 375	8.56	91 595
Service charges - sanitation revenue	35 700	5.90	37 807	5.80	40 000
Service charges - refuse revenue	23 845	5.90	25 252	5.80	26 716
Rental of facilities and equipment	1 638	5.98	1 737	5.97	1 840
Interest earned - external investments	2 757	18.51	3 267	15.62	3 778
Interest earned - outstanding debtors	6 604	2.96	6 799	2.99	7 002
Fines, penalties and forfeits	11 896	6.17	12 629	5.54	13 329
Licences and permits	18 196	5.90	19 270	5.80	20 387
Transfers and subsidies	108 062	(11.07)	96 095	(15.69)	81 022
Other revenue	22 596	5.91	23 932	5.97	25 360
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>617 214</b>		<b>643 793</b>		<b>664 026</b>

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 55% of total revenue.

The major sources of revenue for the 2017/2018 financial year can be summarized as follows:

**Table 4 Major sources of revenue**

Source	Amount (R Mil)	Percentage
Assessment rates	-83 693 700.00	12.83
Electricity revenue	-229 535 800.00	35.19
Water revenue	-72 690 800.00	11.14
Sewerage charges	-35 700 800.00	5.47
Refuse charges	-23 845 000.00	3.66
Grants and subsidies	-108 062 000.00	16.57
Other	-98 779 300.00	15.14
Total	-652 307 400.00	100.00

The second largest source is operational grants and subsidies totaling R 108.062 million and mainly comprises of Equitable Share allocated through the Division of Revenue Act and Provincial housing allocation for the construction of Houses as well as capital grants to fund the capital program. Other operating grants include the Finance management grant, as well as EPWP incentive grant. Property rates is the third largest single revenue source totaling 12.83% or R83.69 million and increases to R95.8 million by 2019/20.

It needs to be emphasized that to attain financial recovery within a 5 year horizon, above average tariff increases, at CPIX plus between 2% and 4% on average needs to be maintained for the MTREF. The additional increase over and above the CPIX has not yet been factored into the revenue growth percentages as illustrated in Table 4 above.

Other revenue consists of various items such as capital grants, income received from permits and licenses, building plan fees, connection fees, admission fees, fines collected and other sundry receipts and totals R 98.77 Million for the 2017/2018 financial year. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

**Table 5 Operating Transfers and Grant Receipts**

WC045 Oudtshoorn - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		55 858	52 090	58 557	62 617	62 467	62 467	67 144	70 442	74 470
Local Government Equitable Share		45 958	46 541	54 372	58 194	58 194	58 194	62 683	67 877	72 405
Finance Management		1 300	1 450	1 350	1 475	1 375	1 375	1 550	1 805	2 065
Municipal Systems Improvement		890	934	930	-	-	-	-	760	-
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
Expanded public works programme integrated grant for municipalities		1 800	1 665	1 405	2 448	2 448	2 448	2 911	-	-
Water Services Operating Subsidy		5 460	1 000	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Municipal infrastructure grant		450	500	500	500	450	450	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		25 740	36 344	9 601	37 190	12 676	12 676	40 918	25 653	6 552
Human Settlement Development Grant		18 464	32 267	-	31 955	-	-	35 066	19 640	-
Housing Consumer Education Grant		-	-	-	-	29	29	-	-	-
Emergency Housing Grant		-	-	-	-	1 406	1 406	-	-	-
Maintenance & Construction of Road Infrastructure		108	-	96	-	-	-	-	-	-
Cleaning of Maturation Ponds		-	207	-	-	-	-	-	-	-
- CDW Operational Grant		66	70	72	56	124	124	56	56	56
Libraries Services Conditional Grant		738	3 150	4 222	4 943	4 943	4 943	5 338	5 597	5 916
Public Transport Facilities		-	-	-	116	116	116	118	-	-
Performance Management Grant		-	200	-	-	200	200	-	-	-
Municipal Financial Management Support Grant		75	-	2 461	-	2 859	2 859	-	-	-
Municipal Infrastructure Support Grant		-	450	1 000	-	178	178	-	-	-
Western Cape Financial management capacity building grant		-	-	500	120	461	461	240	360	480
Municipal Building Grant and Repair Grant		-	-	500	-	-	-	-	-	-
Municipal Drought Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Administrative Support Grant (S&T Claims)		-	-	-	-	-	-	-	-	-
Augmentation of Water Supply Grant		-	-	-	-	-	-	-	-	-
Supply for Drought Relief interventions		-	-	-	-	-	-	-	-	-
Municipal Finance Improvement Grant		1 017	-	750	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
ABS Programme		5 153	-	-	-	-	-	-	-	-
Standard Bank Sports Development		120	-	-	-	-	-	-	-	-
Municipal Service Delivery and Capacity Building Grant		-	-	-	-	2 300	2 300	-	-	-
Local Government Graduate Internship Grant		-	-	-	-	60	60	-	-	-
Thusong Centre Services Grant		-	-	-	-	-	-	100	-	100
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		330	242	517	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
LG Seta		330	242	319	-	-	-	-	-	-
Chieta Grant		-	-	199	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	81 927	88 676	68 675	99 807	75 143	75 143	108 062	96 095	81 022

## **Tariff Setting**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised under normal circumstances, local economic conditions, input costs and the affordability of services are taken into account to ensure the financial sustainability of the Municipality.

Municipalities also use benchmarking to ensure that the tariffs we apply are within the industry norm as operational requirements and service standards of comparable sizes and demographics of municipalities are similar and a deviation from this norm will give an indication of whether a municipality may be heading for disaster in the application of its tariff strategy.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities should justify in their budget documentation all increases in excess of the 6.1% upper boundary of the South African Reserve Bank's inflation target in accordance with budget circular 85. It is acknowledged that excessive increases are likely to be counterproductive to economic growth and development thereby resulting in higher levels of non-payment yet the municipality has no alternative but to embark on this avenue as part of the financial recovery plan adopted by council.

The higher than 6.1% increase for sewerage fees as well as refuse charges are therefore motivated as part of the financial recovery strategy of the municipality in accordance with the financial recovery plan adopted by council and supported by the National as well as provincial treasury. Another contributing factor is the average wage increase collectively agreed upon between labor and organized local government of 7.4% and the fact that inflation estimation for 2016/2017 is 6.4%

The guideline price increase for electricity to municipal customers are 1.88 per cent and in accordance with the financial recovery plan an additional 2 per cent is added to the electricity tariffs to aide with the financial recovery of the municipality and to ensure that essential electricity infrastructure is adequately maintained and refurbished.

Other factors contributing to the rising cost include the anticipated collectively agreed upon wage increase which is also above upper boundary, the excessive increase in the price of petrol and diesel as well as chemicals, spares and other materials that collectively contribute to the extent that tariffs needs to be increased annually.

Another factor contributing to the rising cost is the rate of exchange fluctuations as a result of the poor performance of the South-African economy and the consistent threat of downgrade of the investment status of the country.

### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The municipality has compiled a new valuation roll to be effective from 1 July 2017 and the assessment rates tariff had to undergo a reconsideration in accordance with the provisions of the Municipal Property Rates Amendment Act. A variety of the previous rates categories have fallen away and have been included in either residential, business or multiple use in accordance with the dominant use of the property as well as the prescriptions of the Act.

In most instances assessment rates tariffs have been adjusted downward to protect the property owners from a rates increase shock that may result from excessive increase in property values over time due to property market trends moving upward.

From an analysis of the budget and especially rates and general services that include all community services related activities, it is evident that the rates and general services expenditure is still not covered by the charging of assessment rates and unintentionally cross-subsidized through other services fees and charges.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is exempted from the rate-able value (Section 17(h) of the MPRA).
- In terms of the property rates policy of the municipality and tariff determination of the council in the past, certain categories of ratepayers receive rebates in excess of the ratio determination by the minister in accordance with the Municipal Property rates Act, the municipality thereby forgoes revenue in addition to rebates allowed in terms of the act, the rebate in respect of agricultural properties is partially reduced to bring it more in line with the prescribed ratio as determined and to aid with the financial recovery of the municipality.
- A rebate will be granted to registered indigents in terms of the Indigent Policy exempting this category of consumer from paying for rates on the first R70, 000 of valuation.
- Relief measures based on income and ill-health is also available under certain conditions as contained in the schedule of tariffs.
- The following conditions apply to the granting of the rebates
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse.
  - The applicant must submit proof of his/her age and identity and also proof of the annual income, or disability.
  - The property must be utilized for residential purposes or in the case of agricultural properties for bona-fide farming activities.
- The Municipality may also allow a rebate on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work and public benefit organizations as defined in the property rates policy of the municipality. The owner of such a property must apply to the Chief Financial Officer in the prescribed format and at the prescribed date in order to qualify for the relief.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 10.4% increase in monthly amount payable from 1 July 2017 is contained below, it can be noted that although the assessment rate amount increases by the anticipated percentage, the assessment rates tariffs are adjusted downward due to the overall growth in the rates base.

**Table 6 Comparison of proposed rates 2017/2018 to that levied for 2016/2017**

Category	Current Tariff (1 July 2016)	Proposed tariff (from 1 July 2017)	Difference	% increase(-) / Decrease
	c/R	c/R	c/R	
Residential properties	1.0872	1.0037	0.0835	7.7
State owned properties	1.4590	1.3480	0.1110	7.6
Business/Commercial/Industrial	1.4953	1.3800	0.1153	7.7
Agricultural	0.2180	0.1757	0.0424	19.4
Public benefit organizations	0.2732	0.3258	-0.0526	-19.3

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, the country was faced with some of the highest temperatures ever recorded and the drought still has its grip on the country. It is therefore of essence that water tariffs are designed to curb wastage, to protect the valuable resource and to be cost reflective. The municipality must ensure that water complies with all applicable quality standards which also adds to the cost of rendering the service. The water tariff structure must therefore ensure that:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification or treatment plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A tariff increase of between 6.8 and 11.8% from 1 July 2017 for water is proposed where the principle of higher quantity at a higher rate is applied. This is based on input cost assumptions inclusive of the increase in the cost of bulk water from Department of Water, increased wage bill of 7.4% and the cost of other inputs increasing by between 6% and 8%. **Free basic water will be provided to indigent** consumers as well as pensioners qualifying for a rebate on assessment rates subject to the conditions as set out in the assessment rates tariff at 6 kℓ water per month.

The municipality cannot afford to provide free basic water to all the residents as the equitable share allocation to subsidize free basic services is insufficient to cover the cost thereof.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 7 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2016/2017	PROPOSED TARIFFS 2017/2018
	Rand per kℓ VAT Excluded	Rand per kℓ VAT Excluded
<b>RESIDENTIAL</b>		
(i) 0 to 6 kℓ	4.83	5.16
(ii) Above 6 to 15 kℓ	6.78	7.31
(iii) Above 15 to 30 kℓ	9.04	9.83
(iv) Above 30 to 50 kℓ	10.39	11.51

CATEGORY	CURRENT TARIFFS 2016/2017	PROPOSED TARIFFS 2017/2018
	Rand per kℓ	Rand per kℓ
(v) Above 50 to 75 kℓ	12.64	14.00
(vi) Above 75 kℓ	14.52	16.23
<b>RESIDENTIAL GROUP HOUSING, FLATS, OLD AGE HOMES AND SCHOOLS MEASURED AS BULK</b>		
Price per kℓ	9.28	10.28
<b>SPORT CLUBS AND MUNICIPAL</b>		
(i) 0 to 150 kℓ	5.13	5.70
(ii) Above 150 kℓ	6.36	7.07
<b>COMMERCIAL, INDUSTRIAL, GOVERNMENT</b>	<b>NEW TARIFF</b>	
(i) 0 to 75 kℓ	10.87	12.04
(ii) Above 75 to 150 kℓ	12.24	13.72
(iii) Above 150 kℓ	14.52	15.59

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 8 Comparison between current water charges and increases (Domestic)**

Monthly consumption	Current amount payable	Proposed amount payable	Difference R/c	% Increase
6	28.98	30.96	1.98	6.83
20	135.2	145.9	10.7	7.91
30	225.6	244.2	18.6	8.24
50	433.4	474.4	41	9.46
75	749.4	824.4	75	10.01
100	1112.4	1230.15	117.75	10.59

The proposed water tariffs are still well within the benchmark and compares favorably with that of other municipalities in the Eden District.

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure, a 0.31% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Upon considering all the cost elements that make up the cost of electricity such as labour, maintenance, materials, fuel as well as vehicles and the rental of equipment in accordance with the formula provided by NERSA, the average tariff increase should be 2.21% for municipal customers. The guideline increase calculated according to NERSA amounts to 1.88% for municipal customers thus a variance of 0.33%. The tariff as determined in the financial recovery plan refers to the NERSA guideline increase plus 2% for the increase to Oudtshoorn customers which results in the proposed 3.88% increase for 2017/2018.



The continued above average increase in electricity prices has resulted in a downward trend in the average consumption patterns of consumers in an attempt to mitigate the effect of the increased cost of electricity resulting in a negative impact on the municipal electricity revenue. Considering the lower increase for the draft budget it is anticipated that consumption patterns will be similar as that of the current financial year.

Free electricity to registered indigents will be granted at 50 units as per the national norm and allowed in accordance with the equitable share grant to municipalities.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 9 Comparison current vs. new electricity charges (Domestic up to 60A connection)**

<b>Monthly Consumption kWh</b>	<b>Current amount payable R</b>	<b>Proposed amount Payable R</b>	<b>Difference Increase R</b>	<b>Percentage change</b>
<b>100</b>	146.48	152.39	5.91	3.88%
<b>250</b>	366.20	380.98	14.78	3.88%
<b>500</b>	732.40	761.96	29.56	3.88%
<b>750</b>	1 098.60	1 142.94	44.34	3.88%
<b>1000</b>	1 464.80	1 523.92	59.12	3.88%
<b>2000</b>	2 929.60	3 047.84	118.24	3.88%

#### **1.4.4 Sanitation and Impact of Tariff Increases**

A tariff increase of 10.4% for sanitation from 1 July 2017 is proposed in accordance with the financial recovery plan equaling CPI plus 4%. The increase in tariff is necessary to ensure the long term sustainability of the service over the medium term.

The increase in operational cost which includes the rising wage cost, the increase in electricity used in purification and pumping processes, the increase in fuel prices and the general increase in the price of goods and services also contributes to the higher tariff necessary to ensure the financial sustainability of the service. It must also be emphasized that the municipality must ensure that purification processes complies with quality standards and that green drop status is achieved.

**Table 10 Comparison between current sanitation charges and increases**

<b>Description</b>	<b>2016/2017 Tariff per annum</b>	<b>2017/2018 Tariff per annum</b>
Single residential per toilet per annum	1 122.67	1 239.44
Business and guest houses per toilet per annum	1 224.74	1 352.11
Availability charges per annum	2 041.23	2 253.52
Septic Tank removals	388.45	428.85

### 1.4.5 Waste Removal and Impact of Tariff Increases

Budget circular 66 and 67 state that municipalities should strive to budget for a moderate surplus in order to ensure that the required funding levels are maintained and to ensure that the provision for the rehabilitation of the land fill site is cash backed. The Municipality is in a fortunate position that the landfill site still has a very long lifespan, yet the cost relating to the provision for rehabilitation of the current cell in use needs to be cash backed once the end of the useful life of the cell has been reached.

From an analysis of the refuse removal tariffs charged as well as the units removed, it is evident that the service to certain business consumers are rendered at a loss, the continuance of the service at these tariffs is jeopardizing the financial sustainability of the service and will ultimately lead to the collapse of the service. The municipality is currently undertaking a refuse tariff analysis to determine future refuse tariffs from 2018 onwards taking into consideration all cost elements as well as capital and operational requirements of the medium to long term in order to ensure the financial sustainability of the service.

The following table compares current and proposed amounts payable from 1 July 2017:

**Table 11 Comparison between current waste removal fees and increases**

Description	2016/2017	2017/2018	Per Month	Per Month
Household removal once per week	1 143.06	1 261.94	118.88	10.40
Business per 85l bin	10.40	11.48	1.08	10.38

### 1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6.8% and 10.65% with the exception of the water tariffs where the increase is only above the norm where the higher intervals of the sliding scale is reached. The increase for indigent households will of course be limited due to the basket of free basic services being subsidized.

**Table 12 MBRR Table SA14 – Household bills****WC045 Oudtshoorn - Supporting Table SA14 Household bills**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		636.71	722.17	555.17	621.09	621.09	621.09	(7.8%)	572.96	630.26	693.28
Electricity: Basic levy		135.58	168.43	144.46	158.54	158.54	158.54	3.9%	164.69	172.92	181.57
Electricity: Consumption		1 291.61	1 604.57	1 355.51	1 487.67	1 487.67	1 487.67	3.9%	1 545.39	1 622.66	1 703.79
Water: Basic levy		71.87	87.22	88.38	95.03	95.03	95.03	10.4%	104.01	115.58	127.24
Water: Consumption		139.25	168.97	196.35	222.12	222.12	222.12	9.5%	243.11	270.14	297.40
Sanitation		71.87	87.22	165.41	187.11	187.11	187.11	10.4%	197.80	217.58	239.34
Refuse removal		71.87	87.22	84.11	95.26	95.26	95.26	10.4%	105.44	115.98	127.58
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>2 418.77</b>	<b>2 925.80</b>	<b>2 589.39</b>	<b>2 866.82</b>	<b>2 866.82</b>	<b>2 866.82</b>	<b>2.3%</b>	<b>2 933.40</b>	<b>3 145.12</b>	<b>3 370.20</b>
VAT on Services											
<b>Total large household bill:</b>		<b>2 418.77</b>	<b>2 925.80</b>	<b>2 589.39</b>	<b>2 866.82</b>	<b>2 866.82</b>	<b>2 866.82</b>	<b>2.3%</b>	<b>2 933.40</b>	<b>3 145.12</b>	<b>3 370.20</b>
<b>% increase/-decrease</b>			<b>21.0%</b>	<b>(11.5%)</b>	<b>10.7%</b>	<b>-</b>	<b>-</b>	<b>2.3%</b>	<b>2.3%</b>	<b>7.2%</b>	<b>7.2%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		63.67	72.22	393.10	439.75	439.75	439.75	(7.8%)	405.67	446.24	490.86
Electricity: Basic levy		135.58	168.43	144.45	158.54	158.54	158.54	3.9%	164.69	172.93	181.57
Electricity: Consumption		643.22	799.07	677.75	743.83	743.83	743.83	3.9%	772.69	849.96	934.96
Water: Basic levy		71.87	87.22	88.40	95.03	95.03	95.03	10.4%	104.01	115.58	127.24
Water: Consumption		97.90	118.80	156.40	176.92	176.92	176.92	9.5%	193.64	215.17	236.88
Sanitation		71.87	87.22	165.41	187.11	187.11	187.11	10.4%	207.11	227.82	250.61
Refuse removal		71.87	87.22	85.00	95.26	95.26	95.26	10.4%	105.44	115.99	127.59
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>1 156.00</b>	<b>1 420.19</b>	<b>1 710.51</b>	<b>1 896.44</b>	<b>1 896.44</b>	<b>1 896.44</b>	<b>3.0%</b>	<b>1 953.26</b>	<b>2 143.68</b>	<b>2 349.70</b>
VAT on Services											
<b>Total small household bill:</b>		<b>1 156.00</b>	<b>1 420.19</b>	<b>1 710.51</b>	<b>1 896.44</b>	<b>1 896.44</b>	<b>1 896.44</b>	<b>3.0%</b>	<b>1 953.26</b>	<b>2 143.68</b>	<b>2 349.70</b>
<b>% increase/-decrease</b>			<b>22.9%</b>	<b>20.4%</b>	<b>10.9%</b>	<b>-</b>	<b>-</b>	<b>3.0%</b>	<b>3.0%</b>	<b>9.7%</b>	<b>9.6%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates				174.30	194.94	194.94	194.94	(7.8%)	179.83	197.82	217.60
Electricity: Basic levy				-	-	-	-	3.9%	-	-	-
Electricity: Consumption				405.30	444.82	444.82	444.82	3.9%	462.08	485.18	509.44
Water: Basic levy		30.25		-	-	-	-	10.4%	-	-	-
Water: Consumption				93.90	106.22	106.22	106.22	9.5%	116.26	129.19	142.22
Sanitation				-	-	-	-	10.4%	-	-	-
Refuse removal				-	-	-	-	10.4%	-	-	-
Other				-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>30.25</b>	<b>-</b>	<b>673.50</b>	<b>745.97</b>	<b>745.97</b>	<b>745.97</b>	<b>1.6%</b>	<b>758.17</b>	<b>812.18</b>	<b>869.26</b>
VAT on Services											
<b>Total small household bill:</b>		<b>30.25</b>	<b>-</b>	<b>673.50</b>	<b>745.97</b>	<b>745.97</b>	<b>745.97</b>	<b>1.6%</b>	<b>758.17</b>	<b>812.18</b>	<b>869.26</b>
<b>% increase/-decrease</b>			<b>(100.0%)</b>	<b>-</b>	<b>10.8%</b>	<b>-</b>	<b>-</b>	<b>1.6%</b>	<b>1.6%</b>	<b>7.1%</b>	<b>7.0%</b>

**1.5 Operating Expenditure Framework**

Oudtshoorn Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The financial recovery of the municipality still takes preference over most of the asset strategies and maintenance plans.
- Repairs and maintenance expenditure is still limited due to the financial distress however an additional R3 Million has been made available for much needed maintenance activities.
- Continued provision of basic services remains a high priority as well as financial sustainability of services.
- Operational gains and efficiencies will be directed to ensure appropriate cash backing of statutory funds, provisions and reserves as well as funding the capital budget and other core services in the medium term.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification item**

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>										
Employee related costs	160 122	177 636	188 757	191 965	204 087	204 087	204 087	214 344	228 681	244 358
Remuneration of councillors	8 336	8 783	6 742	9 622	9 668	9 668	9 668	10 591	11 332	12 125
Debt impairment	15 932	11 712	50 216	25 204	25 204	25 204	25 204	24 382	25 853	27 391
Depreciation & asset impairment	20 276	19 340	19 246	22 273	22 273	22 273	22 273	24 491	26 950	29 645
Finance charges	14 545	12 142	17 921	7 879	7 879	7 879	7 879	6 929	6 090	5 154
Bulk purchases	114 059	126 156	141 933	150 329	150 318	150 318	150 318	155 080	164 221	173 736
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	22 528	31 900	24 635	32 603	25 222	25 222	25 222	30 155	31 752	33 516
Transfers and subsidies	1 319	485	522	1 500	1 200	1 200	1 200	850	900	952
Other expenditure	107 192	137 993	67 154	149 300	135 652	135 652	135 652	196 248	189 660	180 893
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>464 310</b>	<b>526 147</b>	<b>517 127</b>	<b>590 675</b>	<b>581 503</b>	<b>581 503</b>	<b>581 503</b>	<b>663 069</b>	<b>685 439</b>	<b>707 771</b>

The budgeted allocation for employee related costs for the 2017/18 financial year totals R 214.34 Million, which equals 32.33% of the total operating expenditure. Based on the collective SALGBC wage agreement, salary increases have been factored into this budget at a percentage increase of 7.4% for the 2017/18 financial year. An annual increase of 7 % have been included for both the 2018/2019 and 2019/2020 financial years.

In order to ensure economic viability and to not overstretch the already limited financial resources, and cash management strategy vacancies have been significantly rationalized downwards. The organizational redesign has been completed and vacancies have been included in the salary budget for 2017/2018. In accordance with the requirements of mSCOA, organogram budgeting was done and therefore no temporary positions are budgeted. Where vacancies that are funded are not filled in the short term, temporary short term appointments may be considered against the available budget.

Due to the high cost associated with the filling of all positions on the organizational structure, it was only possible to fund approximately 60% of vacancies for the 2017/2018 financial year.

The remainder of the vacancies will be budgeted and filled in a staggered manner as funds become available from operations over the MTREF, meaning core service delivery positions and some critical positions are funded in the first year and other support services positions will be funded in the following year as resources become available.

The cost associated with the remuneration of public office bearers is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration cost of councilors is partially subsidized through the equitable share allocation awarded to the municipality in terms of the division of revenue Act. The total equitable share awarded to Oudtshoorn for the 2017/2018 financial year, inclusive of the subsidy towards councilor remuneration, amounts to R 62.683 million.

The provision of debt impairment was determined based on an annual collection rate of 96% and the Debt Write-off Policy of the Municipality. The current average collection rate equals 96% as at end of February 2017 and it is anticipated that the recovery of debt, through the increase in debt collection action will reach a level of 97% upon conclusion of the current financial year. The provision for doubtful debt amounts to R 24.38 million which includes a consumer and rates debtors provision of R 17.26 Million and provision for traffic fines uncollectable in the amount of R7.11 million for the 2017/18 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed. Budget appropriations in this regard total R 24.49 million for the 2017/18 financial year, an increase of approximately R2.2 Million over the amount of the current financial year. This expenditure item equates to 3.69% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.04% (R6.92 million) of operating expenditure excluding annual redemption for 2017/18 amounting to R 10.1 million and remains constant through the remainder of the MTREF. Oudtshoorn Municipality still has a sound borrowing ratio, yet the liquidity position does not allow for any further borrowing to be taken up over the MTREF. The Long Term Financial Plan supports this fact and illustrates that borrowing may only be considered as an option for capital funding after the conclusion of the MTREF.

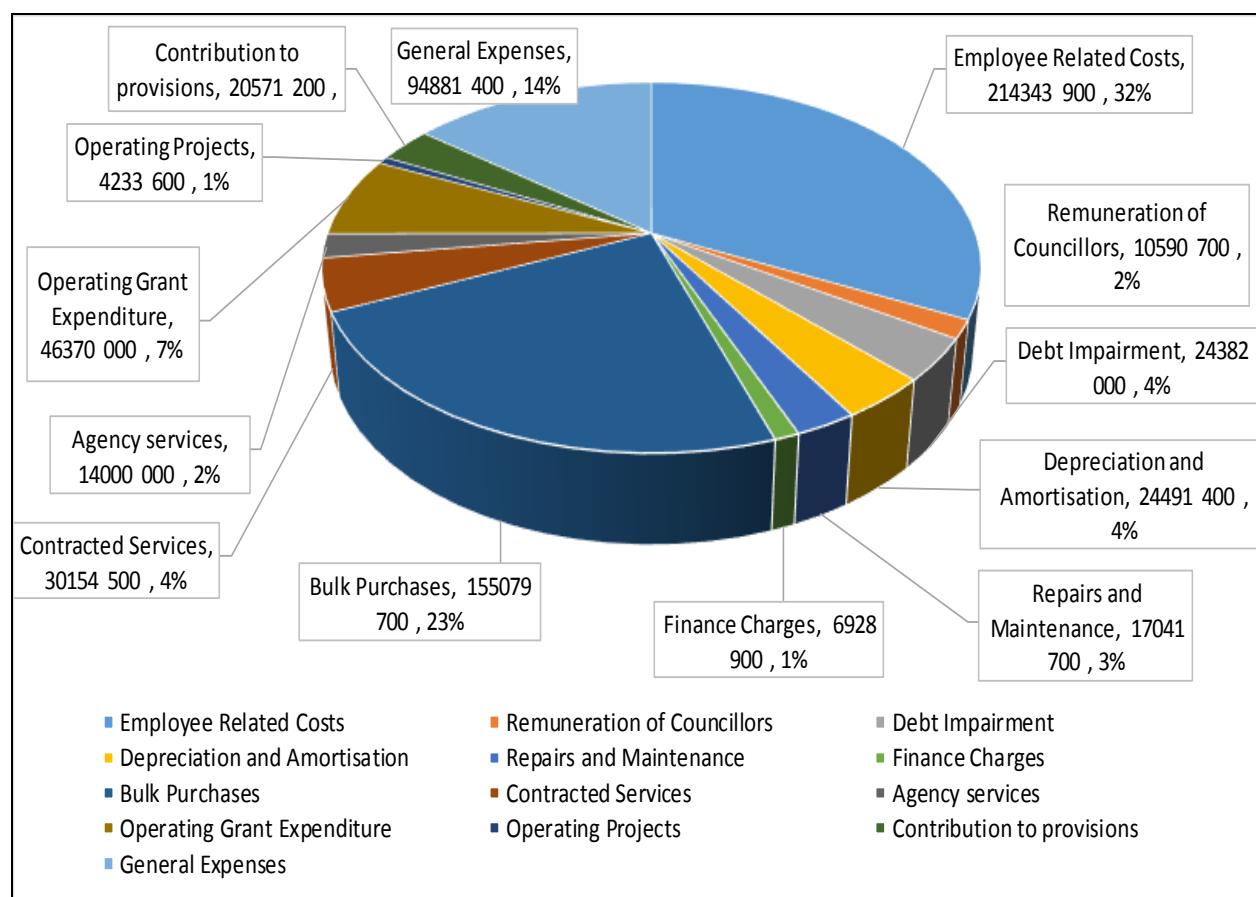
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the Department of Water. The annual price increase have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes electricity distribution losses which equals 5.97%. Water distribution losses as at 30 June 2016 amounted to 11.03% and a concerted effort is necessary to ensure the reduction of the losses to within acceptable norms.

Maintenance must be prioritized to ensure the health of assets, yet the financial position does not afford the municipality much of a choice but to budget only for critical repairs and maintenance. In line with Oudtshoorn Municipality's repairs and maintenance plan, this group of expenditure needs to be prioritized to ensure sustainability of Oudtshoorn Municipality's infrastructure. The 2017/18 allocation for this group of expenditure represents only 2.57% of operating expenditure (R17.04 million) and although it does not meet the target as set in the financial recovery plan it represents an increase of R 3.1 Million from 2016/2017. If the electrical network refurbishment is added this percentage is increased to 3.2 % for 2017/2018

Contracted services relates to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately developed. Certain functions also require the contracting of specialist knowledge contracted from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis. This category of expenditure equates to R 30.15 million or 4.55 % of operating expenses for the 2017/2018 financial year.

Other general expenditure comprises of various line items relating to the daily operations of the municipality. These costs include items such as audit fees in the amount of R5.6 million, rates rebates, SALGA membership fees, fuel and lubricants, insurance cost, telephone expenses, printing cost, security and other domestic expenses as well as a variety of other operating cost. This group of expenditure remains an area in which cost savings and efficiencies can further be achieved. Other general expenditure amounts to 14.31% or R 94.88 million for the 2017/18 financial year.

The following graph gives a breakdown of the main expenditure categories for the 2017/18 financial year.



**Figure 1 Main operational expenditure categories for the 2017/18 financial year**

### 1.5.1 Priority given to repairs and maintenance

In order to ensure the health of the assets of the municipality and to prolong the useful lives, it is necessary to ensure that repairs and maintenance is adequately budgeted. Budget circular 66 cautions municipalities not to affect savings in repairs and maintenance to balance the budget but to ensure that sufficient budgetary allocation is made for this expenditure item. As already alluded to the dismal financial position is hampering the efforts in ensuring that adequate provision for repairs and maintenance are made this category of expenditure is nonetheless increased with R3.1 Million for the 2017/2018 financial year. The following table is a consolidation of all the expenditures associated with repairs and maintenance:

Repairs and maintenance increases from the 2016/2017 revised budget by R4.15 million to R17.04 million for 2017/2018 and is only increasing towards the outer year of the MTREF. Once the financial position has turned around, much more funds needs to be appropriated for repairs and maintenance. The allocation to repairs and maintenance will therefore only increase over the MTREF once the turnaround in the financial position is successful.

The table below provides a breakdown of the repairs and maintenance in relation to each asset class:

**Table 14 Repairs and maintenance per asset class**

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation</u>	20 276	19 340	19 246	22 273	22 273	22 273	24 491	26 950	29 645
<u>Repairs and Maintenance by Asset Class</u>	16 943	34 043	9 009	13 451	12 891	12 891	17 042	17 709	18 889
Roads Infrastructure	3 688	18 352	3 051	3 349	3 253	3 253	3 831	4 109	4 358
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	1 318	1 205	873	2 487	2 205	2 205	3 092	3 238	3 402
Water Supply Infrastructure	2 741	3 559	1 625	1 949	2 043	2 043	3 222	2 958	3 199
Sanitation Infrastructure	798	1 438	623	1 115	1 047	1 047	1 186	1 186	1 231
Solid Waste Infrastructure	4 335	4 679	630	643	659	659	647	663	680
<b>Infrastructure</b>	<b>12 880</b>	<b>29 232</b>	<b>6 802</b>	<b>9 543</b>	<b>9 207</b>	<b>9 207</b>	<b>11 978</b>	<b>12 152</b>	<b>12 870</b>
Community Facilities	235	405	406	447	460	460	865	1 016	1 167
Sport and Recreation Facilities	920	1 161	670	982	622	622	936	1 207	1 448
<b>Community Assets</b>	<b>1 155</b>	<b>1 566</b>	<b>1 075</b>	<b>1 428</b>	<b>1 081</b>	<b>1 081</b>	<b>1 801</b>	<b>2 223</b>	<b>2 614</b>
Operational Buildings	1 927	2 073	586	1 086	1 236	1 236	2 036	2 094	2 152
<b>Other Assets</b>	<b>1 927</b>	<b>2 073</b>	<b>586</b>	<b>1 086</b>	<b>1 236</b>	<b>1 236</b>	<b>2 036</b>	<b>2 094</b>	<b>2 152</b>
Computer Equipment	96	171	116	149	149	149	165	175	185
Furniture and Office Equipment	11	14	21	31	28	28	197	199	202
Transport Assets	873	986	410	1 214	1 189	1 189	865	866	866
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>37 219</b>	<b>53 382</b>	<b>28 255</b>	<b>35 724</b>	<b>35 164</b>	<b>35 164</b>	<b>41 533</b>	<b>44 659</b>	<b>48 535</b>

For the 2017/18 financial year, 70.28% or R 11.97 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totaling 18.14% (R3.09 million), road infrastructure receives the bulk being 22.48% (R3.83 million), sanitation 6.96% (R1.18 million) and water 18.91% (R3.22 million). Community assets have been allocated R 1,80 million of total repairs and maintenance equating to 10.57%.

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of Oudtshoorn Municipality's Indigent Policy. It is estimated that between 5500 and 6500 households will receive subsidy on tariffs and rates in the 2017/2018 financial year by means of the full basket of services given as Indigent subsidies. The estimated expenditure on free and subsidized services, inclusive of assessment rate rebates will exceed R 37.1 million for the 2017/2018 financial year.

The performance on delivery of housing is adding to the quantum of subsidized services as the bulk of new customers qualify to be subsidized. A significant burden is placed on revenue streams as the revenue base is not growing sufficiently to sustain the growing number of free services. The subsidy in respect of free services will be paid strictly in accordance with the national norms and within the limitations of the equitable share that the municipality receives from the National Fiscus. The indigent process is one of self-registration therefore households needing assistance must annually apply for the subsidy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. The equitable share is therefore proportionately divided between the rates and other services delivery votes as a subsidy towards the services. It needs to be mentioned that for refuse removal approximately 40% of residential customers are registered as indigent and for sewerage the indigent represents approximately 25% of the units of services rendered.

### **1.5.3 Congo Caves**

The Congo Caves are included as a municipal vote in the municipal budget as classified in accordance with the GFS. The caves are run as a municipal function and revenue accrues to the general municipal revenue account and expenditure is accounted for through municipal expenditure votes. A net surplus of R1.23 Million is budgeted for the 2017/2018 financial year. An amount of R980,500 is budgeted for repairs and maintenance to ensure safety of staff and visitors. Capital refurbishment is placed in abeyance until the financial recovery can support the cost thereof. Admission tariffs are increased with 10% on average and compares well with other tourist attractions in the immediate vicinity. The marketing plan for the caves for the 2017/2018 financial year has been approved by council and an amount in excess of R970,000 has been set aside for this purpose

The following table sets out the budget for the Congo caves for the MTREF, although a small surplus is budgeted over the MTREF, it must be noted that departmental costs and internal charges have not been accounted for which may impact on the budgeted financial results.



## Abridged summary of revenue and Expenditure – Cango Caves

DESCRIPTION	FINAL BUDGET 2017/18	DRAFT BUDGET 2018/19	DRAFT BUDGET 2019/20
<b>STAFFING COST</b>			
<b>SUB -TOTAL</b>	<b>9 614 700.00</b>	<b>10 201 770.17</b>	<b>10 830 361.88</b>
DEPRECIATION	936 200.00	1 029 785.02	1 132 763.52
<b>REPAIRS AND MAINTENANCE</b>			
<b>SUB -TOTAL</b>	<b>980 700.00</b>	<b>983 160.29</b>	<b>987 006.45</b>
<b>ADVERTISING MARKETING AND PROMOTIONS</b>			
<b>SUB -TOTAL</b>	<b>1 720 600.00</b>	<b>1 821 945.96</b>	<b>1 927 618.83</b>
<b>OTHER EXPENDITURE</b>			
<b>SUB -TOTAL</b>	<b>3 316 200.00</b>	<b>3 510 338.12</b>	<b>3 713 937.73</b>
<b>TOTAL EXPENDITURE</b>	<b>16 568 400.00</b>	<b>17 546 999.57</b>	<b>18 591 688.40</b>
<b>REVENUE</b>			
INTEREST - EXTERNAL INVESTMENTS	-6 800.00	-7 193.31	-7 610.52
ADMISSION FEES - CANGO	-16 906 600.00	-17 904 003.04	-18 942 435.22
KRAALKRAFT TURNOVER - CAN	-791 300.00	-837 932.23	-886 532.30
SUNDRY INCOME	-6 500.00	-6 883.50	-7 282.74
<b>TOTAL REVENUE</b>	<b>-17 711 200.00</b>	<b>-18 756 012.09</b>	<b>-19 843 860.79</b>
<b>(SURPLUS) / DEFICIT</b>	<b>-1 142 800.00</b>	<b>-1 209 012.52</b>	<b>-1 252 172.38</b>

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 15 2017/18 Medium-term capital budget per vote**

WC045 Oudtshoorn - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Vote 1 - Executive & Council		275	145	10	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Municipal Manager		15	60	-	112	263	263	263	50	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		209	777	10	650	840	840	840	1 900	1 500	1 650
Vote 5 - Vote 5 - Community and Public Safety		6 583	1 747	3 833	7 212	4 679	4 679	4 679	12 176	3 301	-
Vote 6 - Vote 6 - Technical Services		36 998	39 078	19 120	39 386	36 691	36 691	36 691	23 109	44 781	70 874
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>

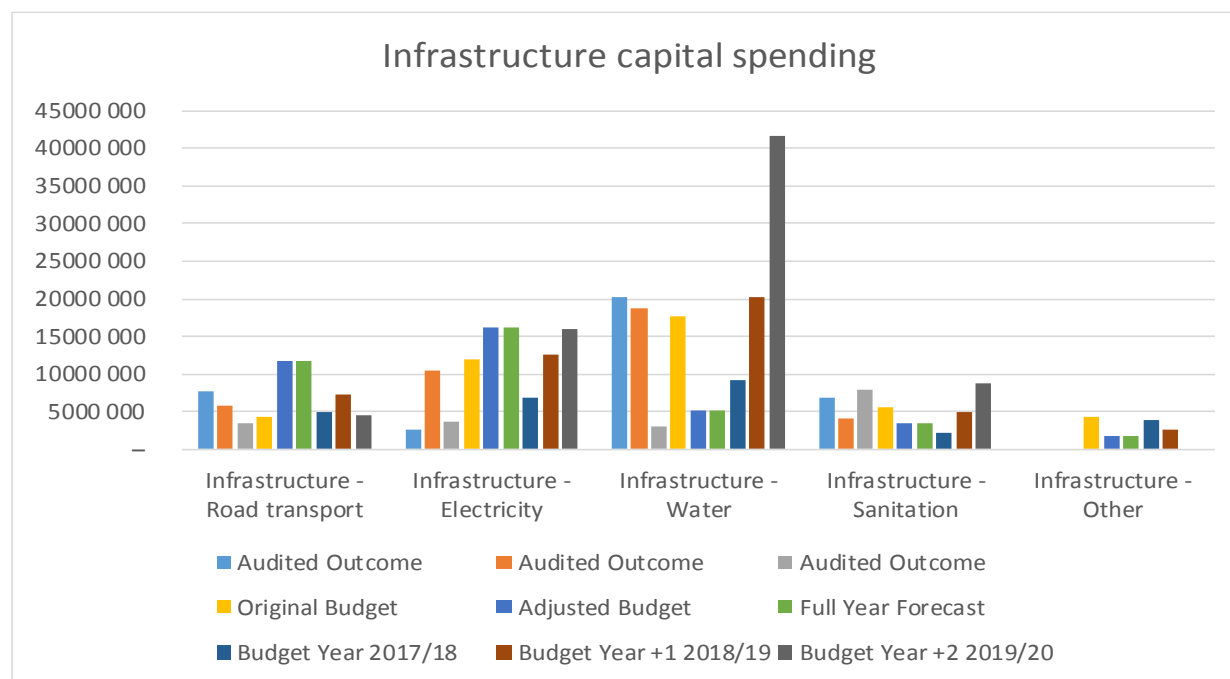
An amount of R 27.057 million has been appropriated for the development of infrastructure which represents the bulk of the capital budget for 2017/2018

New assets represent R 7.349 million of the total capital budget while asset renewal equates to R29.88 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital program relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Following a list of projects to be undertaken over the medium-term:

## WC045 Oudtshoorn - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Asset Class	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	4		3	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
BUDGET & TREASURY		COMPUTERS AND SOFTWARE	Computer Equipment	1 500	1 500	1 650
BUDGET & TREASURY		PLANT & EQUIPMENT	Machinery and Equipment	400	-	-
CANGO CAVES		TELEMETRY SYSTEM	Heritage assets	50	-	-
COMMUNITY SERVICES		OFFICE EQUIPMENT	Furniture and Office Equipment	350	-	-
ROAD TRANSPORT		REHAB ROADS AND STORMWATER	Storm water Infrastructure	1 920	3 070	-
ROAD TRANSPORT		PAVING OF STREETS	Roads Infrastructure	-	-	-
ROAD TRANSPORT		UPGRADING STORMWATER SYSTEM-BONGOLETHU	Storm water Infrastructure	877	877	701
ROAD TRANSPORT		UPGRADING STORMWATER SYSTEM - DE RUST BLOMNEK	Storm water Infrastructure	439	877	626
ROAD TRANSPORT		UPGRADING STORMWATER SYSTEM - DYSELSDORP	Storm water Infrastructure	439	877	1 882
ROAD TRANSPORT		REHABILITATION OF STREETS & SIDEWALKS	Roads Infrastructure	1 340	1 596	1 333
ELECTRICITY		HIGH MAST FLOOD LIGHT	Electrical Infrastructure	-	1 316	469
ELECTRICITY		DYSELSDORP BULK INFRASTRUCTURE	Electrical Infrastructure	2 632	7 895	11 404
ELECTRICITY		SUBSTATION SWITCH GEAR WARDS ALL	Electrical Infrastructure	-	200	1 000
ELECTRICITY		OUTDSHOORN TOWN CENTRE 11KV CAPASITY UPGRADE	Electrical Infrastructure	1 300	-	-
ELECTRICITY		UPGRADING 11KV	Electrical Infrastructure	1 908	2 022	3 000
ELECTRICITY		UNION SQUARE 22KV TIE FEEDER	Electrical Infrastructure	991	1 050	-
PUBLIC SAFETY		FIRE TRUCK	Transport Assets	300	-	-
PUBLIC SAFETY		UPGRADING TESTCENTRE	Community Facilities	50	-	-
SPORT & RECREATION		REHAB SPORTS FIELD LIGHTING	Sport and Recreation Facilities	6 403	-	-
SPORT & RECREATION		Oudtshoorn: N A Smit Swimming Pool	Sport and Recreation Facilities	-	640	-
SPORT & RECREATION		DYSELSDORP IRRIGATION PHASE 2	Sport and Recreation Facilities	926	-	-
SPORT & RECREATION		INDUSTRIAL LAWNMOWER	Sport and Recreation Facilities	120	-	-
SPORT & RECREATION		UPGRADING OF CHURCHSTREET SWIMMING POOL	Sport and Recreation Facilities	80	-	-
WASTE MANAGEMENT		UPGRADING OF SOLID WASTE SITE	Solid Waste Infrastructure	3 947	2 661	-
WASTE WATER MANAGEMENT		UPGRADING OF DYSELSDORP WASTE TREATMENT PLANT	Sanitation Infrastructure	2 193	4 825	5 471
WASTE WATER MANAGEMENT		New Main Sewer Outfall East Pipeline	Sanitation Infrastructure	-	-	1 228
WASTE WATER MANAGEMENT		New 1200 VIP Toilets	Sanitation Infrastructure	-	-	2 092
WATER		BLOSSOMS GROUNDWATER PROJECT	Water Supply Infrastructure	-	17 544	35 088
WATER		New Bulk Water Supply Line	Water Supply Infrastructure	-	-	4 090
WATER		REHAB OF ASBESTOS/CEMENT WATER PIPES	Water Supply Infrastructure	-	2 632	2 490
WATER		KKRWS - REFURBISHMENT OF MECHANICAL & ELECTRICAL EQUIPMENT	Water Supply Infrastructure	8 772	-	-
WATER		WATER ELECTRICAL EQUIPMENT	Water Supply Infrastructure	300	-	-
Total Capital expenditure				37 236	49 582	72 524

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

**Figure 2 Capital Infrastructure Program**

## 1.7 Annual Budget Tables – Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing/next page.

**Table 16 MBRR Table A1 - Budget Summary****WC045 Oudtshoorn - Table A1 Budget Summary**

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b><u>Financial Performance</u></b>										
Property rates	50 065	57 595	62 589	71 152	75 614	75 614	75 614	83 694	89 552	95 821
Service charges	225 539	251 406	269 076	349 981	347 369	347 369	347 369	361 771	390 512	415 487
Investment revenue	2 674	665	1 018	274	1 670	1 670	1 670	2 757	3 267	3 778
Transfers recognised - operational	85 920	85 537	69 057	99 807	74 882	74 882	74 882	108 062	96 095	81 022
Other own revenue	42 264	71 605	47 839	58 231	60 357	60 357	60 357	60 961	64 367	67 918
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>406 462</b>	<b>466 808</b>	<b>449 579</b>	<b>579 444</b>	<b>559 893</b>	<b>559 893</b>	<b>559 893</b>	<b>617 245</b>	<b>643 793</b>	<b>664 026</b>
Employee costs	160 122	177 636	188 757	191 965	204 087	204 087	204 087	214 344	228 681	244 358
Remuneration of councillors	8 336	8 783	6 742	9 622	9 668	9 668	9 668	10 591	11 332	12 125
Depreciation & asset impairment	20 276	19 340	19 246	22 273	22 273	22 273	22 273	24 491	26 950	29 645
Finance charges	14 545	12 142	17 921	7 879	7 879	7 879	7 879	6 929	6 090	5 154
Materials and bulk purchases	114 059	126 156	141 933	150 329	150 318	150 318	150 318	155 080	164 221	173 736
Transfers and grants	1 319	485	522	1 500	1 200	1 200	1 200	850	900	952
Other expenditure	145 652	181 605	142 005	207 106	186 078	186 078	186 078	250 784	247 265	241 800
<b>Total Expenditure</b>	<b>464 310</b>	<b>526 147</b>	<b>517 127</b>	<b>590 675</b>	<b>581 503</b>	<b>581 503</b>	<b>581 503</b>	<b>663 069</b>	<b>685 439</b>	<b>707 771</b>
<b>Surplus/(Deficit)</b>	<b>(57 848)</b>	<b>(59 339)</b>	<b>(67 548)</b>	<b>(11 231)</b>	<b>(21 611)</b>	<b>(21 611)</b>	<b>(21 611)</b>	<b>(45 824)</b>	<b>(41 646)</b>	<b>(43 745)</b>
Transfers and subsidies - capital (monetary allocations)	40 421	44 267	25 213	48 504	42 875	42 875	42 875	35 062	52 120	77 236
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>
Transfers recognised - capital	38 450	40 424	21 575	42 547	37 513	37 513	37 513	29 887	44 809	66 874
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	5 493	386	-	-	-	-	-	-	-	-
Internally generated funds	138	996	1 400	4 812	4 959	4 959	4 959	7 349	4 773	5 650
<b>Total sources of capital funds</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>
<b><u>Financial position</u></b>										
Total current assets	90 035	88 898	64 363	62 500	58 030	58 030	58 030	67 015	65 900	62 255
Total non current assets	724 564	744 447	735 679	677 947	768 172	768 172	768 172	751 007	773 639	816 600
Total current liabilities	96 003	182 623	182 271	94 504	94 504	94 504	94 504	95 355	94 390	93 711
Total non current liabilities	233 654	197 247	206 631	240 739	240 739	240 739	240 739	216 263	227 307	238 921
Community wealth/Equity	484 943	453 475	411 140	427 248	490 959	490 959	490 959	506 404	517 843	546 223
<b><u>Cash flows</u></b>										
Net cash from (used) operating	24 624	(8 152)	92 323	37 273	52 223	52 223	52 223	45 318	70 859	98 678
Net cash from (used) investing	(43 969)	(38 063)	(23 989)	(47 359)	(42 875)	(42 875)	(42 875)	(37 236)	(49 582)	(72 524)
Net cash from (used) financing	(10 966)	(14 145)	(1 117)	(9 504)	(9 504)	(9 504)	(9 504)	(10 101)	(10 940)	(11 876)
<b>Cash/cash equivalents at the year end</b>	<b>12 608</b>	<b>(47 538)</b>	<b>19 679</b>	<b>(67 129)</b>	<b>19 523</b>	<b>19 523</b>	<b>19 523</b>	<b>27 906</b>	<b>38 242</b>	<b>52 521</b>
<b><u>Cash backing/surplus reconciliation</u></b>										
Cash and investments available	12 608	(47 538)	19 679	7 500	11 000	11 000	11 000	27 906	38 242	46 649
Application of cash and investments	(13 237)	(7 717)	69 350	30 992	41 616	41 616	41 616	1 278	9 765	19 342
<b>Balance - surplus (shortfall)</b>	<b>25 846</b>	<b>(39 821)</b>	<b>(49 670)</b>	<b>(23 492)</b>	<b>(30 616)</b>	<b>(30 616)</b>	<b>(30 616)</b>	<b>26 628</b>	<b>28 477</b>	<b>27 307</b>
<b><u>Asset management</u></b>										
Asset register summary (WDV)	622 958	648 438	651 785	677 947	702 028	702 028	751 007	751 007	799 369	853 951
Depreciation	20 276	19 340	19 246	22 273	22 273	22 273	24 491	24 491	26 950	29 645
Renewal of Existing Assets	43 617	40 870	22 946	34 653	29 381	29 381	29 381	29 887	44 809	62 784
Repairs and Maintenance	16 943	34 043	9 009	13 451	12 891	12 891	17 042	17 042	17 709	18 889
<b><u>Free services</u></b>										
Cost of Free Basic Services provided	-	-	-	38 682	38 682	38 682	30 604	30 604	32 409	34 289
Revenue cost of free services provided	20 625	21 976	32 164	32 904	32 904	32 904	5 925	5 925	6 256	6 607
<b><u>Households below minimum service level</u></b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	24	24	24	24	24	24	24

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of Oudtshoorn Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
  - b. Capital expenditure is funded only by grant funding
    - i. Transfers recognized is reflected on the Financial Performance Budget;
    - ii. No borrowing is taken up for the MTREF
    - iii. No internally generated funds are available for capital funding.
4. The Cash backing/surplus reconciliation shows that the municipality is not in a position to currently cash back any of its provisions or other obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

**Table 17 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)****WC045 Oudtshoorn - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		180 286	218 550	150 077	216 055	193 820	193 820	145 165	177 367	207 783
Executive and council		130 221	160 955	87 488	144 903	118 207	118 207	59 681	84 889	109 416
Finance and administration		50 065	57 595	62 589	71 152	75 613	75 613	85 484	92 477	98 366
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		4 011	2 064	1 821	2 437	2 082	2 082	42 686	27 547	8 460
Community and social services		-	-	-	-	-	-	5 438	5 597	6 016
Sport and recreation		1 964	2 064	1 821	2 437	2 082	2 082	2 182	2 310	2 444
Public safety		-	-	-	-	-	-	-	-	-
Housing		2 047	-	-	-	-	-	35 066	19 640	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9 301	10 319	15 358	26 936	28 096	28 096	55 013	54 807	57 761
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9 301	10 319	15 358	26 936	28 096	28 096	55 013	54 807	57 761
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		253 285	280 142	307 535	382 520	378 769	378 769	409 444	436 192	467 258
Energy sources		164 138	179 222	195 889	232 536	227 216	227 216	239 997	259 943	278 461
Water management		49 110	58 967	60 165	81 681	81 959	81 959	93 963	96 312	104 224
Waste water management		25 560	26 981	32 243	41 956	42 167	42 167	43 681	46 257	48 940
Waste management		14 477	14 972	19 238	26 347	27 428	27 428	31 803	33 679	35 633
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	<b>446 883</b>	<b>511 075</b>	<b>474 792</b>	<b>627 948</b>	<b>602 768</b>	<b>602 768</b>	<b>652 307</b>	<b>695 913</b>	<b>741 262</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		106 580	223 283	162 644	147 154	154 616	154 616	157 283	168 294	177 607
Executive and council		68 257	148 474	107 945	85 213	86 174	86 174	92 473	97 723	103 247
Finance and administration		38 324	74 809	54 699	61 941	68 442	68 442	64 810	70 571	74 361
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		71 546	45 503	39 497	82 702	58 630	58 630	107 825	97 860	83 992
Community and social services		23 375	25 146	19 988	23 554	25 489	25 489	33 944	36 942	39 773
Sport and recreation		13 903	17 100	13 220	18 676	19 523	19 523	22 022	23 868	25 758
Public safety		2 675	3 258	6 290	3 574	6 179	6 179	7 575	7 421	7 883
Housing		31 592	-	-	36 898	7 439	7 439	44 284	29 629	10 578
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		78 828	76 068	56 106	77 993	84 063	84 063	93 862	95 932	102 704
Planning and development		28 563	18 442	15 741	16 424	17 042	17 042	22 152	22 282	23 733
Road transport		50 265	57 627	40 366	61 569	67 021	67 021	71 710	73 650	78 971
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		193 475	177 448	255 534	278 015	279 796	279 796	299 351	318 346	338 183
Energy sources		129 366	143 235	157 184	183 973	182 120	182 120	190 909	205 412	217 653
Water management		33 225	29 742	45 722	41 501	42 968	42 968	38 238	40 317	42 980
Waste water management		11 769	12 573	21 587	23 281	25 383	25 383	40 714	43 294	46 129
Waste management		19 115	(8 101)	31 040	29 261	29 326	29 326	29 489	29 323	31 421
<i>Other</i>	4	13 880	3 844	3 345	4 810	4 398	4 398	4 747	5 007	5 285
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>464 310</b>	<b>526 147</b>	<b>517 127</b>	<b>590 675</b>	<b>581 503</b>	<b>581 503</b>	<b>663 069</b>	<b>685 439</b>	<b>707 771</b>
<b>Surplus/(Deficit) for the year</b>		<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water but not for the waste management function. Administrative functions have not been charged to the respective service delivery departments and therefore an unintended cross subsidization of rates and general services takes place. Surpluses generated by the service delivery departments are absorbed in the general operations through the allocation of administrative and other overhead cost associated with governance.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under governance and administration.



**Table 18 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)****WC045 Oudtshoorn - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Revenue by Vote</b>	<b>1</b>									
Vote 1 - Vote 1 - Executive & Council		115 455	148 493	74 341	131 055	101 751	101 751	41 914	66 077	89 517
Vote 2 - Vote 2 - Municipal Manager		14 766	12 462	13 147	13 848	16 457	16 457	17 767	18 812	19 900
Vote 3 - Corporate Services		-	-	-	-	-	-	240	360	480
Vote 4 - Financial Services		50 065	57 595	62 589	71 152	75 613	75 613	85 244	92 117	97 886
Vote 5 - Vote 5 - Community and Public Safety		27 790	27 355	36 417	55 720	57 606	57 606	104 410	92 914	77 618
Vote 6 - Vote 6 - Technical Services		238 808	265 170	288 297	356 172	351 342	351 342	402 732	425 632	455 862
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>446 883</b>	<b>511 075</b>	<b>474 792</b>	<b>627 948</b>	<b>602 768</b>	<b>602 768</b>	<b>652 307</b>	<b>695 913</b>	<b>741 262</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
Vote 1 - Vote 1 - Executive & Council		32 523	88 734	82 947	66 866	63 700	63 700	70 166	74 011	78 036
Vote 2 - Vote 2 - Municipal Manager		34 376	31 031	20 820	28 548	29 070	29 070	37 408	38 498	40 966
Vote 3 - Corporate Services		32 291	41 626	24 607	24 246	27 046	27 046	25 691	27 588	29 422
Vote 4 - Financial Services		21 765	28 306	28 132	37 695	42 909	42 909	39 389	43 233	45 176
Vote 5 - Vote 5 - Community and Public Safety		128 791	105 353	106 570	151 199	134 280	134 280	181 181	174 151	165 559
Vote 6 - Vote 6 - Technical Services		214 563	231 098	254 052	282 121	284 498	284 498	309 235	327 958	348 612
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>464 310</b>	<b>526 147</b>	<b>517 127</b>	<b>590 675</b>	<b>581 503</b>	<b>581 503</b>	<b>663 069</b>	<b>685 439</b>	<b>707 771</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Oudtshoorn Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)****WC045 Oudtshoorn - Table A4 Budgeted Financial Performance (revenue and expenditure)**

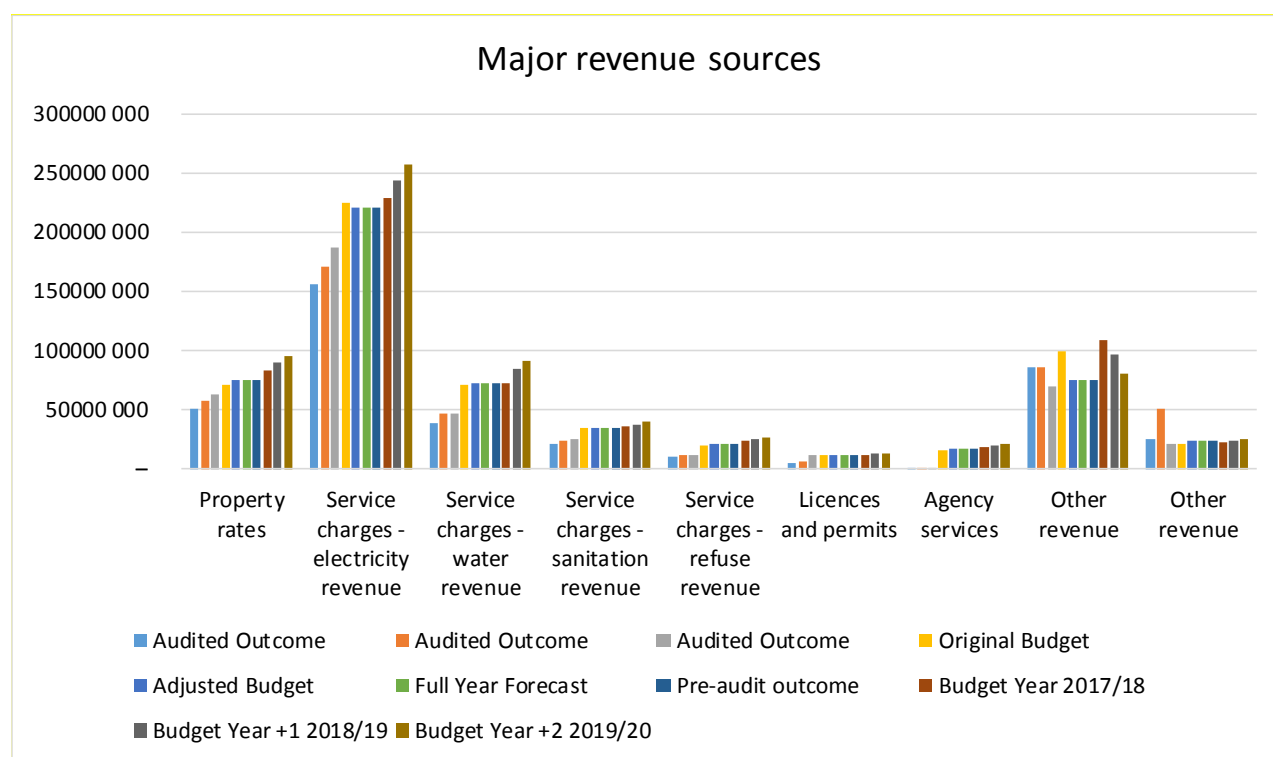
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	50 065	57 595	62 589	71 152	75 614	75 614	75 614	83 694	89 552	95 821
Service charges - electricity revenue	2	156 345	171 073	186 503	225 135	220 120	220 120	220 120	229 535	243 078	257 176
Service charges - water revenue	2	38 671	46 127	46 567	70 271	71 137	71 137	71 137	72 691	84 375	91 595
Service charges - sanitation revenue	2	20 795	23 129	24 550	34 532	34 852	34 852	34 852	35 700	37 807	40 000
Service charges - refuse revenue	2	9 728	11 078	11 456	20 043	21 261	21 261	21 261	23 845	25 252	26 716
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 908	2 368	2 278	2 162	1 990	1 990	1 990	1 638	1 737	1 840
Interest earned - external investments		2 674	665	1 018	274	1 670	1 670	1 670	2 757	3 267	3 778
Interest earned - outstanding debtors		6 416	8 751	9 547	8 650	7 140	7 140	7 140	6 604	6 799	7 002
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4 840	6 572	11 874	11 020	11 020	11 020	11 020	11 896	12 598	13 329
Licences and permits		333	585	1 285	15 576	17 060	17 060	17 060	18 196	19 270	20 387
Agency services		4 136	3 161	2 200	-	-	-	-	-	-	-
Transfers and subsidies		85 920	85 537	69 057	99 807	74 882	74 882	74 882	108 062	96 095	81 022
Other revenue	2	24 583	50 167	20 642	20 823	23 146	23 146	23 146	22 627	23 964	25 360
Gains on disposal of PPE		48	-	14	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>406 462</b>	<b>466 808</b>	<b>449 579</b>	<b>579 444</b>	<b>559 893</b>	<b>559 893</b>	<b>559 893</b>	<b>617 245</b>	<b>643 793</b>	<b>664 026</b>
<b>Expenditure By Type</b>											
Employee related costs	2	160 122	177 636	188 757	191 965	204 087	204 087	204 087	214 344	228 681	244 358
Remuneration of councillors		8 336	8 783	6 742	9 622	9 668	9 668	9 668	10 591	11 332	12 125
Debt impairment	3	15 932	11 712	50 216	25 204	25 204	25 204	25 204	24 382	25 853	27 391
Depreciation & asset impairment	2	20 276	19 340	19 246	22 273	22 273	22 273	22 273	24 491	26 950	29 645
Finance charges		14 545	12 142	17 921	7 879	7 879	7 879	7 879	6 929	6 090	5 154
Bulk purchases	2	114 059	126 156	141 933	150 329	150 318	150 318	150 318	155 080	164 221	173 736
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		22 528	31 900	24 635	32 603	25 222	25 222	25 222	30 155	31 752	33 516
Transfers and subsidies		1 319	485	522	1 500	1 200	1 200	1 200	850	900	952
Other expenditure	4, 5	107 192	137 993	67 154	149 300	135 652	135 652	135 652	196 248	189 660	180 893
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>464 310</b>	<b>526 147</b>	<b>517 127</b>	<b>590 675</b>	<b>581 503</b>	<b>581 503</b>	<b>581 503</b>	<b>663 069</b>	<b>685 439</b>	<b>707 771</b>
<b>Surplus/(Deficit)</b>		<b>(57 848)</b>	<b>(59 339)</b>	<b>(67 548)</b>	<b>(11 231)</b>	<b>(21 611)</b>	<b>(21 611)</b>	<b>(21 611)</b>	<b>(45 824)</b>	<b>(41 646)</b>	<b>(43 745)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		40 421	44 267	25 213	48 504	42 875	42 875	42 875	35 062	52 120	77 236
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(17 426)</b>	<b>(15 072)</b>	<b>(42 335)</b>	<b>37 273</b>	<b>21 265</b>	<b>21 265</b>	<b>21 265</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

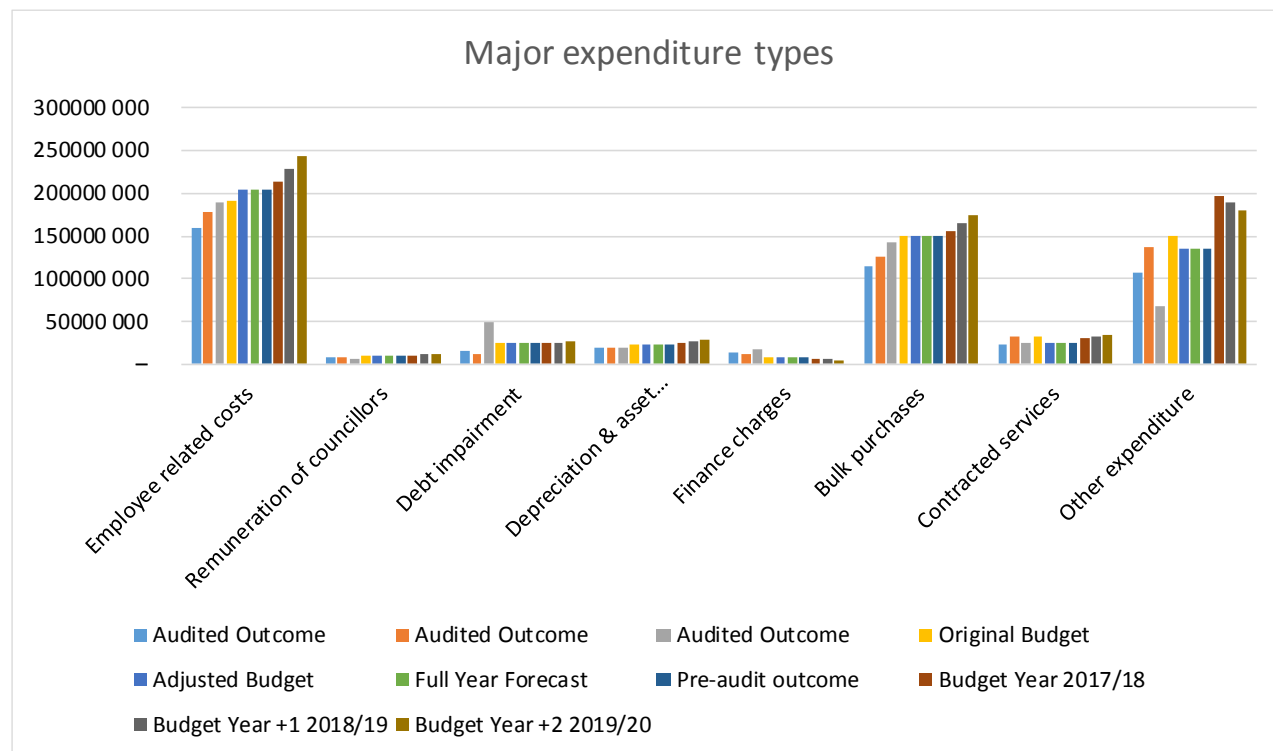
1. Total revenue excluding capital grants is R 617.24 million in 2017/18 and increases to R 643.8 million by 2018/19. This represents a year-on-year increase of 6.56% for the 2018/19 financial year and an increase of 6.62% for the 2019/20 financial year.
2. Revenue to be generated from property rates is R83.69 million in the 2017/18 financial year and increases to R 95.8 million by 2019/20 which represents 12.26% of the operating revenue base of Oudtshoorn Municipality for 2017/2018 and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of Oudtshoorn Municipality totaling R 354.17 million for the 2017/18 financial year and increasing to R 415.4 million by 2019/20. For the 2017/18 financial year services charges amount to 53% of the total revenue base.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. Operational grants in the amount of R 108 million represent 15.83% of revenue for the 2017/2018 financial year.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Figure 3 Major revenue Sources**

*The following graph illustrates the major revenue items per type over the 7 year budget cycle.*



**The following graph illustrates the major expenditure items per type over the 7 year budget cycle.**



**Figure 4 Expenditure by major type**

Bulk purchases have significantly increased over the 7 year horizon from R114 million in the 2013/2014 financial year to R173.7 million in 2019/2020. These increases can mainly be attributed to the substantial increase in the cost of bulk electricity from Eskom with very little growth ascribable to the extension of the revenue base.

**Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

WC045 Oudtshoorn - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Vote 1 - Executive & Council		275	145	10	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Municipal Manager		15	60	-	112	263	263	263	50	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		209	777	10	650	840	840	840	1 900	1 500	1 650
Vote 5 - Vote 5 - Community and Public Safety		6 583	1 747	3 833	7 212	4 679	4 679	4 679	12 176	3 301	-
Vote 6 - Vote 6 - Technical Services		36 998	39 078	19 120	39 386	36 691	36 691	36 691	23 109	44 781	70 874
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>500</b>	<b>982</b>	<b>21</b>	<b>762</b>	<b>1 026</b>	<b>1 026</b>	<b>1 026</b>	<b>1 950</b>	<b>1 500</b>	<b>1 650</b>
Executive and council		290	205	10	112	186	186	186	50	-	-
Finance and administration		209	777	10	650	840	840	840	1 900	1 500	1 650
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>4 315</b>	<b>1 732</b>	<b>3 827</b>	<b>3 006</b>	<b>2 924</b>	<b>2 924</b>	<b>2 924</b>	<b>8 229</b>	<b>640</b>	<b>-</b>
Community and social services		6	-	237	-	50	50	50	350	-	-
Sport and recreation		4 309	1 732	3 590	3 006	1 822	1 822	1 822	7 529	640	-
Public safety		-	-	-	-	1 053	1 053	1 053	350	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>9 980</b>	<b>3 121</b>	<b>4 629</b>	<b>4 247</b>	<b>11 904</b>	<b>11 904</b>	<b>11 904</b>	<b>5 014</b>	<b>7 298</b>	<b>4 543</b>
Planning and development		2 268	14	6	-	77	77	77	-	-	-
Road transport		7 712	3 107	4 622	4 247	11 827	11 827	11 827	5 014	7 298	4 543
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>29 286</b>	<b>35 971</b>	<b>13 365</b>	<b>39 345</b>	<b>26 618</b>	<b>26 618</b>	<b>26 618</b>	<b>22 043</b>	<b>40 145</b>	<b>66 331</b>
Energy sources		2 412	10 518	3 736	11 895	16 185	16 185	16 185	6 831	12 483	15 872
Water management		20 150	18 729	2 905	17 761	5 149	5 149	5 149	9 072	20 175	41 668
Waste water management		6 724	6 724	6 724	5 482	3 530	3 530	3 530	2 193	4 825	8 791
Waste management		-	-	-	4 206	1 754	1 754	1 754	3 947	2 661	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>1 133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>
<b>Funded by:</b>											
National Government		34 743	40 424	21 575	42 547	31 018	31 018	31 018	29 887	44 809	66 874
Provincial Government		3 708	-	-	-	6 495	6 495	6 495	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>38 450</b>	<b>40 424</b>	<b>21 575</b>	<b>42 547</b>	<b>37 513</b>	<b>37 513</b>	<b>37 513</b>	<b>29 887</b>	<b>44 809</b>	<b>66 874</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>5 493</b>	<b>386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>138</b>	<b>996</b>	<b>1 400</b>	<b>4 812</b>	<b>4 959</b>	<b>4 959</b>	<b>4 959</b>	<b>7 349</b>	<b>4 773</b>	<b>5 650</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations. Multi-year projects are those projects that will not be commissioned at the end of the financial year but will stretch over more than one financial year.
3. Single-year capital expenditure has been appropriated at R 37.23 million for the 2017/18 financial year and increases over the MTREF to R 49.5 million and R 72.5 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of Oudtshoorn Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from mainly capital grants and transfers as insufficient cash flow is available to utilize own resources for the funding of capital. For 2017/18, capital transfers totals R 29.88 million and increases to R 44.8 million by 2018/19 and R66.87 million by 2019/2020. It is not envisaged to take up any further borrowing over the MTREF.

**Table 21 MBRR Table A6 - Budgeted Financial Position****WC045 Oudtshoorn - Table A6 Budgeted Financial Position**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash		2 801	185	3 462	–	3 500	3 500	3 500	17 906	27 592	35 307
Call investment deposits	1	9 808	302	16 217	7 500	7 500	7 500	7 500	10 000	10 650	11 342
Consumer debtors	1	54 006	61 735	32 358	55 000	45 617	45 617	45 617	37 709	26 258	14 206
Other debtors		14 130	24 935	10 495	–	–	–	–	–	–	–
Current portion of long-term receivables		7 928	61	417	–	–	–	–	–	–	–
Inventory	2	1 363	1 679	1 413	–	1 413	1 413	1 413	1 400	1 400	1 400
Total current assets		90 035	88 898	64 363	62 500	58 030	58 030	58 030	67 015	65 900	62 255
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		77 342	77 334	65 861	–	65 861	65 861	65 861	65 861	65 861	65 861
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	622 858	648 438	651 785	677 947	702 028	702 028	702 028	684 729	707 361	750 239
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		384	422	283	–	283	283	283	418	418	500
Other non-current assets		23 981	18 253	17 750	–	–	–	–	–	–	–
Total non current assets		724 564	744 447	735 679	677 947	768 172	768 172	768 172	751 007	773 639	816 600
TOTAL ASSETS		814 599	833 345	800 043	740 447	826 202	826 202	826 202	818 022	839 540	878 855
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	48 025	–	–	–	–	–	–	–	–
Borrowing	4	16 201	16 528	19 187	9 504	9 504	9 504	9 504	10 101	10 940	11 876
Consumer deposits		6 074	6 612	7 128	–	–	–	–	7 500	7 650	8 000
Trade and other payables	4	53 534	77 328	118 702	85 000	85 000	85 000	85 000	37 500	35 000	33 000
Provisions		20 194	34 131	37 254	–	–	–	–	40 254	40 800	40 835
Total current liabilities		96 003	182 623	182 271	94 504	94 504	94 504	94 504	95 355	94 390	93 711
Non current liabilities											
Borrowing		80 588	72 029	67 737	91 822	91 822	91 822	91 822	46 775	35 835	23 959
Provisions		153 066	125 218	138 894	148 917	148 917	148 917	148 917	169 488	191 472	214 962
Total non current liabilities		233 654	197 247	206 631	240 739	240 739	240 739	240 739	216 263	227 307	238 921
TOTAL LIABILITIES		329 656	379 870	388 903	335 243	335 243	335 243	335 243	311 618	321 697	332 632
NET ASSETS	5	484 943	453 475	411 140	405 204	490 959	490 959	490 959	506 404	517 843	546 223
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		484 943	453 475	411 140	427 248	490 959	490 959	490 959	506 404	517 843	546 223
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	484 943	453 475	411 140	427 248	490 959	490 959	490 959	506 404	517 843	546 223

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



**Table 22 MBRR Table A7 - Budgeted Cash Flow Statement****WC045 Oudtshoorn - Table A7 Budgeted Cash Flows**

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			50 065	57 595	62 589	71 152	72 589	72 589	72 589	81 183	86 866	92 946
Service charges			225 539	251 406	269 076	349 981	333 475	333 475	333 475	350 918	378 796	403 022
Other revenue			35 848	34 137	42 693	49 581	53 617	53 617	53 617	54 358	57 568	60 916
Government - operating		1	85 920	85 615	69 057	99 807	74 882	74 882	74 882	108 062	96 095	81 022
Government - capital		1	40 421	44 267	25 213	48 504	42 875	42 875	42 875	35 062	52 120	77 236
Interest			9 090	9 416	10 565	8 923	8 811	8 811	8 811	9 360	10 066	10 780
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(406 395)	(477 961)	(368 425)	(581 296)	(524 647)	(524 647)	(524 647)	(585 846)	(603 662)	(621 139)
Finance charges			(14 545)	(12 142)	(17 921)	(7 879)	(7 879)	(7 879)	(7 879)	(6 929)	(6 090)	(5 154)
Transfers and Grants		1	(1 319)	(485)	(522)	(1 500)	(1 500)	(1 500)	(1 500)	(850)	(900)	(952)
NET CASH FROM/(USED) OPERATING ACTIVITIES			24 624	(8 152)	92 323	37 273	52 223	52 223	52 223	45 318	70 859	98 678
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			112	-	29	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	8 443	(1 044)	-	-	-	-	-	-	-
Payments												
Capital assets			(44 081)	(46 506)	(22 974)	(47 359)	(42 875)	(42 875)	(42 875)	(37 236)	(49 582)	(72 524)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(43 969)	(38 063)	(23 989)	(47 359)	(42 875)	(42 875)	(42 875)	(37 236)	(49 582)	(72 524)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			124	(3 514)	9 826	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			585	538	516	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			(11 675)	(11 169)	(11 458)	(9 504)	(9 504)	(9 504)	(9 504)	(10 101)	(10 940)	(11 876)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(10 966)	(14 145)	(1 117)	(9 504)	(9 504)	(9 504)	(9 504)	(10 101)	(10 940)	(11 876)
NET INCREASE/(DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:		2	42 919	12 822	(47 538)	(47 538)	19 679	19 679	19 679	29 924	27 906	38 242
Cash/cash equivalents at the year end:		2	12 608	(47 538)	19 679	(67 129)	19 523	19 523	19 523	27 906	38 242	52 521

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The cash level of Oudtshoorn Municipality is dismal to say the least and it improves slightly over the MTREF to a position where the cash position will stabilize in the outer year of the MTREF is revenue targets are met and austerity measures are religiously applied.
4. A cash surplus will most probably only be attained over a 5 year period considering current revenue and expenditure trends.

**Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

WC045 Oudtshoorn - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	12 608	(47 538)	19 679	(67 129)	19 523	19 523	19 523	27 906	38 242	52 521
Other current investments > 90 days		(0)	(0)	0	74 629	(8 523)	(8 523)	(8 523)	0	0	(5 872)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>12 608</b>	<b>(47 538)</b>	<b>19 679</b>	<b>7 500</b>	<b>11 000</b>	<b>11 000</b>	<b>11 000</b>	<b>27 906</b>	<b>38 242</b>	<b>46 649</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		10 179	6 331	17 634	25 000	25 000	25 000	25 000	7 500	5 000	3 000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(23 417)	(14 048)	51 715	5 992	16 616	16 616	16 616	(6 222)	4 765	16 342
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>(13 237)</b>	<b>(7 717)</b>	<b>69 350</b>	<b>30 992</b>	<b>41 616</b>	<b>41 616</b>	<b>41 616</b>	<b>1 278</b>	<b>9 765</b>	<b>19 342</b>
<b>Surplus(shortfall)</b>		<b>25 846</b>	<b>(39 821)</b>	<b>(49 670)</b>	<b>(23 492)</b>	<b>(30 616)</b>	<b>(30 616)</b>	<b>(30 616)</b>	<b>26 628</b>	<b>28 477</b>	<b>27 307</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

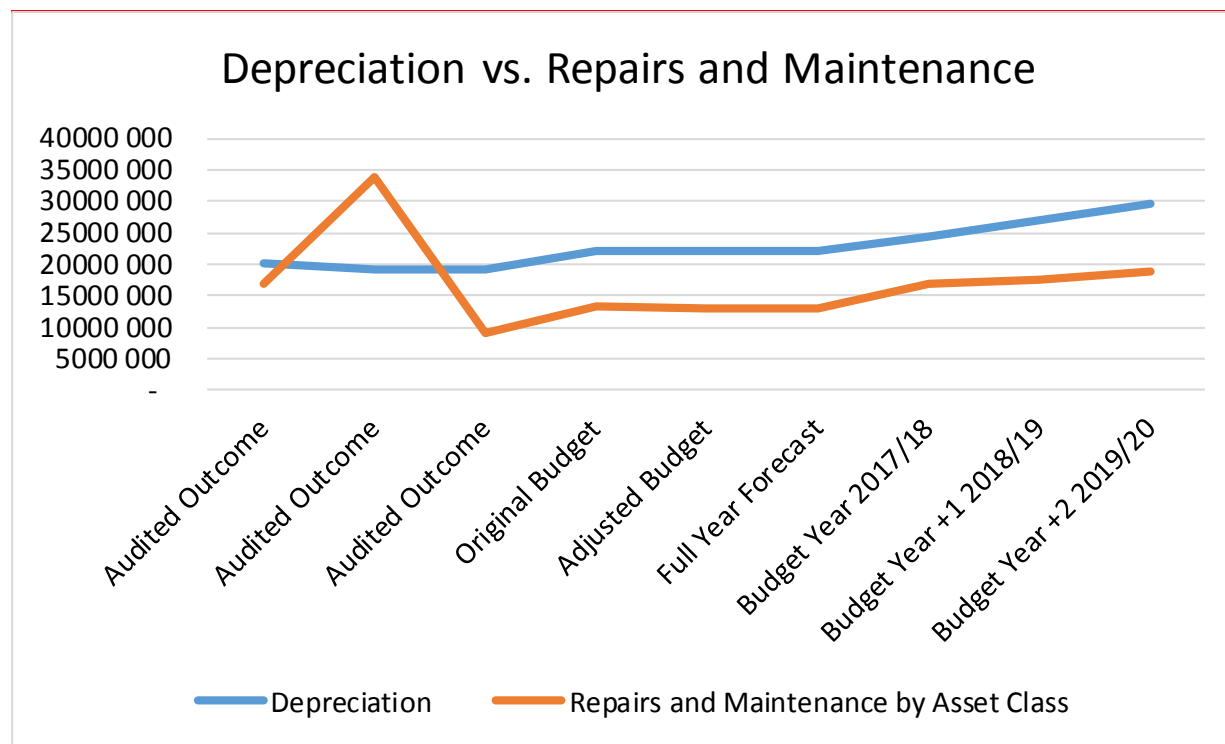
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. There is compliance with section 18 of the MFMA because the budget is funded and there is no shortfall.
5. From the table it can be seen that for the financial period 2017/18 a surplus is reflected, it will however only improve slightly over the MTREF indicating a slow recovery.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2017/18 MTREF is funded.

Table 24 MBRR Table A9 - Asset Management

WC045 Oudtshoorn - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>464</b>	<b>936</b>	<b>28</b>	<b>12 707</b>	<b>13 002</b>	<b>13 002</b>	<b>6 599</b>	<b>4 773</b>	<b>9 740</b>
Electrical Infrastructure	–	–	–	11 895	11 895	11 895	4 199	3 273	4 000
Water Supply Infrastructure	–	–	–	–	–	–	300	–	4 090
<b>Infrastructure</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 895</b>	<b>11 895</b>	<b>11 895</b>	<b>4 499</b>	<b>3 273</b>	<b>8 090</b>
Community Facilities	–	–	–	–	–	–	50	–	–
Sport and Recreation Facilities	–	–	–	50	127	127	200	–	–
<b>Community Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>50</b>	<b>127</b>	<b>127</b>	<b>250</b>	<b>–</b>	<b>–</b>
Licences and Rights	140	175	–	–	–	–	–	–	–
<b>Intangible Assets</b>	<b>140</b>	<b>175</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computer Equipment	–	–	–	561	840	840	1 500	1 500	1 650
Furniture and Office Equipment	106	761	28	–	–	–	350	–	–
Machinery and Equipment	–	–	–	201	230	230	450	–	–
Transport Assets	217	–	–	–	–	–	300	–	–
<b>Total Renewal of Existing Assets</b>	<b>43 617</b>	<b>40 870</b>	<b>22 946</b>	<b>34 653</b>	<b>29 381</b>	<b>29 381</b>	<b>29 887</b>	<b>44 169</b>	<b>59 464</b>
Roads Infrastructure	7 683	5 768	3 516	4 247	11 784	11 784	5 014	7 298	4 543
Storm water Infrastructure	–	–	–	–	–	–	–	–	–
Electrical Infrastructure	2 618	10 518	3 736	–	4 290	4 290	2 632	9 211	11 872
Water Supply Infrastructure	20 150	18 729	2 905	17 761	5 149	5 149	8 772	20 175	37 578
Sanitation Infrastructure	6 724	4 063	7 830	5 482	3 530	3 530	2 193	4 825	5 471
Solid Waste Infrastructure	–	–	–	4 206	1 754	1 754	3 947	2 661	–
<b>Infrastructure</b>	<b>37 175</b>	<b>39 078</b>	<b>17 987</b>	<b>31 697</b>	<b>26 507</b>	<b>26 507</b>	<b>22 558</b>	<b>44 169</b>	<b>59 464</b>
Community Facilities	–	–	237	–	1 053	1 053	–	–	–
Sport and Recreation Facilities	4 520	1 732	3 587	2 956	1 821	1 821	7 329	640	–
<b>Community Assets</b>	<b>4 520</b>	<b>1 732</b>	<b>3 824</b>	<b>2 956</b>	<b>2 874</b>	<b>2 874</b>	<b>7 329</b>	<b>640</b>	<b>–</b>
Heritage Assets	–	60	1 135	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	1 922	–	–	–	–	–	–	–	–
<b>Other Assets</b>	<b>1 922</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure</b>									
Roads Infrastructure	7 683	5 768	3 516	4 247	11 784	11 784	5 014	7 298	4 543
Storm water Infrastructure	–	–	–	–	–	–	–	–	–
Electrical Infrastructure	2 618	10 518	3 736	11 895	16 185	16 185	6 831	12 483	15 872
Water Supply Infrastructure	20 150	18 729	2 905	17 761	5 149	5 149	9 072	20 175	41 668
Sanitation Infrastructure	6 724	4 063	7 830	5 482	3 530	3 530	2 193	4 825	8 791
Solid Waste Infrastructure	–	–	–	4 206	1 754	1 754	3 947	2 661	–
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>	<b>37 175</b>	<b>39 078</b>	<b>17 987</b>	<b>43 592</b>	<b>38 401</b>	<b>38 401</b>	<b>27 057</b>	<b>47 442</b>	<b>70 874</b>
Community Facilities	–	–	237	–	1 053	1 053	50	–	–
Sport and Recreation Facilities	4 520	1 732	3 587	3 006	1 949	1 949	7 529	640	–
<b>Community Assets</b>	<b>4 520</b>	<b>1 732</b>	<b>3 824</b>	<b>3 006</b>	<b>3 001</b>	<b>3 001</b>	<b>7 579</b>	<b>640</b>	<b>–</b>
Heritage Assets	–	60	1 135	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	1 922	–	–	–	–	–	–	–	–
<b>Other Assets</b>	<b>1 922</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Licences and Rights	140	175	–	–	–	–	–	–	–
<b>Intangible Assets</b>	<b>140</b>	<b>175</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computer Equipment	–	–	–	561	840	840	1 500	1 500	1 650
Furniture and Office Equipment	106	761	28	–	–	–	350	–	–
Machinery and Equipment	–	–	–	201	230	230	450	–	–
Transport Assets	217	–	–	–	–	–	300	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality does not meet these recommendations, repairs and maintenance are less than 3% of total expenditure and it places the health of assets at risk and can lead to a shortened useful life and thus an earlier need for replacement.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights Oudtshoorn Municipality's predicament when it comes to addressing critical maintenance backlogs.



**Figure 5 Depreciation in relation to repairs and maintenance over the MTREF**

**Table 25 MBRR Table A10 - Basic Service Delivery Measurement**

WC045 Oudtshoorn - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	21 759	21 759	21 759	21 759	21 759	21 759
Piped water inside yard (but not in dwelling)		-	-	-	35	35	35	35	35	35
Using public tap (at least min.service level)	2	-	-	-	1 367	1 367	1 367	1 367	1 367	1 367
Other water supply (at least min.service level)	4	-	-	-	8 633	8 633	8 633	8 633	8 633	8 633
<i>Minimum Service Level and Above sub-total</i>					31 794	31 794	31 794	31 794	31 794	31 794
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	31 794	31 794	31 794	31 794	31 794	31 794
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	15 957	15 957	15 957	15 957	15 957	15 957
Flush toilet (with septic tank)		-	-	-	1 444	1 444	1 444	1 444	1 444	1 444
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					17 401	17 401	17 401	17 401	17 401	17 401
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	17 401	17 401	17 401	17 401	17 401	17 401
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	24 012	24 012	24 012	24 012	24 012	24 012
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					24 012	24 012	24 012	24 012	24 012	24 012
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	24 012	24 012	24 012	24 012	24 012	24 012
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					24 012	24 012	24 012	24 012	24 012	24 012
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					24 012	24 012	24 012	24 012	24 012	24 012
<b>Total number of households</b>	5	-	-	-	24 012	24 012	24 012	24 012	24 012	24 012
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	6 741	6 741	6 741	-	-	-
Sanitation (free minimum level service)		-	-	-	6 741	6 741	6 741	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	6 741	6 741	6 741	-	-	-
Refuse (removed at least once a week)		-	-	-	6 741	6 741	6 741	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	10 853	10 853	10 853	9 035	9 568	10 123
Sanitation (free sanitation service to indigent households)		-	-	-	7 490	7 490	7 490	7 307	7 738	8 187
Electricity/other energy (50kwh per indigent household per month)		-	-	-	8 505	8 505	8 505	6 823	7 226	7 645
Refuse (removed once a week for indigent households)		-	-	-	7 618	7 618	7 618	7 439	7 878	8 335
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>					4 216	4 216	4 216	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	38 682	38 682	38 682	30 604	32 409	34 289
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		3 517	-	-	4 430	4 430	4 430	5 925	6 256	6 607
Water (in excess of 6 kilolitres per indigent household per month)		2 690	8 673	10 129	8 596	8 596	8 596	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		4 002	3 170	6 986	6 595	6 595	6 595	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		6 401	6 901	7 937	6 568	6 568	6 568	-	-	-
Refuse (in excess of one removal a week for indigent households)		4 016	3 232	7 112	6 715	6 715	6 715	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>		20 625	21 976	32 164	32 904	32 904	32 904	5 925	6 256	6 607

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

#### **Political overview of the budget process**

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget, in the case of Oudtshoorn municipality the administrator fulfills the responsibility of the mayor and it is under his hand that the budget and supporting documentation is presented to council for consideration.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year, a time schedule that sets out the process to revise the IDP and prepare the budget.

The required IDP and budget time schedule was prepared in August 2016 with relevant key deadlines as follows:

- **11 to 17 October 2016** – Public participation meetings with communities.
- **25 August 2016** – Joint IDP Indaba 1, with Sector departments
- **February 2017** - IDP indaba 2.
- **31 March 2017** – Tabling of the draft budget
- **18 - 24 April 2017** - Public participation of draft budget
- **6 May 2017** - Closure for input from public participation process
- **31 May 2017**– Submission of the budget to council for consideration and approval

#### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The 2017/2018 financial year is the first year of the 4<sup>th</sup> generation IDP and the consultation process commenced shortly after the new council was elected.

Oudtshoorn Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, mid-year review and adjustments budget. The planning process has subsequently been adjusted after considering the revised revenue projections and expenditure patterns contained in the approved adjustments budget. The most significant factor impacting on the IDP, planning and budgeting processes is the financial crisis that the municipality finds itself in, and various projects, plans and priorities needs to be put on hold until the municipality has recovered sufficiently to enable the affordability thereof.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2016/17 adjusted budget.

### **2.1.3 Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2017/18 MTREF, further extensive financial analysis was undertaken for a variety of expenditure items and categories to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Growth in the local economy;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns and need for housing);
- Performance trends where available;
- The approved 2016/17 adjustments budget and year-to-date performance;
- Cash flow management strategy, recovery from the verge of bankruptcy;
- Debtor payment levels;
- Investment possibilities;
- The need for tariff increases to aide in the recovery versus the ability of the community to pay for services;
- Improved and sustainable service delivery under extreme financial distress.

In addition to the above, the contents of the National Treasury's MFMA previous budget related circulars and recent ones in Circular 78, 79, 85 and 86 have been taken into account in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The 2017/18 MTREF as submitted to council was consulted with communities and stakeholders to ensure transparency in the financial management processes of the municipality.

The input received from the local community through the public meetings is attached as per annexure "F" the following is highlighted with regards to the input received:

A number of the wards identified the need for the paving of streets, provision is made on the budget for this purpose yet funding remains limited due to the financial constraints. Street lighting and community safety were also identified as a priority in a number of the wards, high mast lighting

forms part of the current budget and street lighting is once again budgeted in the 2018/2019 financial year.

Social matters, including substance abuse and care facilities for the needy was also identified.

From the engagement with the communities it is evident that unemployment remains a challenge in all areas and job opportunities through the EPWP program will therefore be prioritised in the 2017/2018 budget.

Housing opportunities and the provision of services at informal settlements remain a community priority and will receive attention through the execution of the housing plan.

Further to the public meetings an Input was received from Mr A Barnard regarding the uniform application of a single amount sewer tariff, the matter has been noted yet can unfortunately not be implemented as requested as the benefit to 3.6% of the customers will cause a detrimental effect on the sewerage tariffs to 71% of the customer base by causing a 83% increase to them. The matter will be reconsidered in concurrent financial years once a proper cost reflective tariff setting has been done.

Mr H Jonker provided input regarding the consideration of the number of households on a rural property in the application of the water tariff, his input is noted yet a By-law amendment needs to be considered in future years in order to facilitate the request, it also needs to be pointed out that the municipality needs to contract with each household separately in order to accommodate his request and therefore each household must separately be connected to the water mains at the cost of the owner of the property.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society as highlighted in the National Development Plan can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. This is the last review of the current IDP cycle of 5 years and it is of essence that all stakeholders actively participate in the IDP process in order to ensure appropriate priorities are linked to scarce funding sources.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Oudtshoorn municipality's response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:



- Green Paper on National Strategic Planning of 2009;
- The National Development Plan (NDP)
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and

**Table 26 IDP Strategic Objectives**

STRATEGIC OBJECTIVES	GOALS
To create sustainable integrated human settlements and safe neighbourhoods where communities can prosper	Effective implementation of the Human settlements program; Extending waste removal services and ensuring an effective cleansing service; Creating a safe environment for our communities in collaboration with the SAPS; Promote viable, sustainable communities through proper zoning; and Promote environmental sustainability by protecting the environment and key public open spaces
Provision of quality basic services and infrastructure which includes, amongst others	Provide electricity; water, sanitation, waste removal Provide roads and storm water; Provide public transport; Provide city planning services; and Maintaining the infrastructure of Oudtshoorn Municipality. Ensuring all waste water treatment works are operating optimally and obtaining green drop status;
Ensure financial sustainability through	Carefully evaluating all spending decisions Implementing savings measures across the board Limiting the use of consultants and reviewing the use of contracted services Ensuring value for money spending in all procurement processes. Protecting assets from falling into a state of disrepair and implement the infrastructure renewal strategy and the repairs and maintenance plan in accordance with availability of financial resources.
Economic growth and development that leads to sustainable job creation by:	Ensuring there is spatial development framework for Oudtshoorn Municipality; Ensuring planning processes function in accordance with set timeframes; Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
Integrated Social Services for empowered and sustainable communities	Work with provincial departments to ensure the development of community infrastructure such as schools, hospitals and clinics are properly coordinated.
An ethical and transparent local government that is responsive to the needs of the community and encourage public participation	Promote sound transparent and accountable governance Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service Optimal institutional transformation to ensure capacity to achieve set objectives

The IDP strategic objectives for Oudtshoorn are listed below:

1. To create sustainable integrated human settlements and safe neighborhoods where communities can prosper
2. To provide basic services to all residents in an environmentally sustainable manner
3. To achieve financial sustainability and strengthen municipal transformation and development
4. To promote social, rural and spatial economic development
5. An ethical and transparent local government that is responsive to the needs of the community and encourage public participation

In order to ensure integrated and focused service delivery between all spheres of government it was important for Oudtshoorn Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To create sustainable integrated human settlements and safe neighbourhoods where communities can prosper
  - a. Effective implementation of the Human settlements program;
  - b. Extending waste removal services and ensuring an effective cleansing service;
  - c. Creating a safe environment for our communities in collaboration with the SAPS;
  - d. Ensuring safe working environments by effective enforcement of building and health regulations;
  - e. Promote viable, sustainable communities through proper zoning; and
  - f. Promote environmental sustainability by protecting the environment and key public open spaces
2. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide public transport;
  - Provide city planning services; and
  - Maintaining the infrastructure of Oudtshoorn Municipality.
  - Ensuring all waste water treatment works are operating optimally and obtaining green drop status;
3. Ensure financial sustainability through:
  - a. Carefully evaluating all spending decisions
  - b. Implementing savings measures across the board
  - c. Limiting the use of consultants and reviewing the use of contracted services
  - d. Ensuring value for money spending in all procurement processes.
  - e. Protecting assets from falling into a state of disrepair and implement the infrastructure renewal strategy and the repairs and maintenance plan in accordance with availability of financial resources.
4. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is spatial development framework for Oudtshoorn Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 4.1 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools, hospitals and clinics are properly coordinated.
5. An ethical and transparent local government that is responsive to the needs of the community and encourage public participation
  - 5.1 Promote sound transparent and accountable governance through:

- Publishing the outcomes of all tender processes on the municipal website
- Establishing a well-functioning audit- and oversight committee and MPAC
- 5.2 Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimizing effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Implementation of the revised organizational structure to optimize the use of personnel;

In line with the Municipal Systems Act, the IDP constitutes a single, inclusive strategic plan for Oudtshoorn Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, Oudtshoorn Municipality needs to undertake an extensive planning and developmental strategy that will primarily focus on a longer-term horizon; 15 to 20 years. This process is necessary to influence the future development path and to set clear goals for the future development within the municipal area. The strategy needs to target future developmental opportunities in traditional dormitory settlements. It should provide direction to Oudtshoorn Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources from the municipality and other service delivery partners.

The long term plan also needs to address the financial recovery of the municipality over a 5 to 7 year horizon. It should also give financial direction to the municipality over the next 10 to 15 years setting out revenue, expenditure and capital requirements and funding predictions. A long term financial plan has been drafted and takes into account not only the financial analysis but a broader analysis which includes condition of the infrastructure, social and economic trends needs to form part of the analysis to properly plan for the future sustainability of the municipality.

The 2017/18 MTREF has therefore been informed by the IDP process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

WC045 Oudtshoorn - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
GOOD GOVERNANCE	To promote adherence to Legislation and Acts governing Municipalities. Review or draft policies/ strategies for economic growth Ensure accountability and responsibility towards the public and government organisations.			180 286	218 550	150 077	216 055	221 934	221 934	200 178	232 174	265 543
SERVICE DELIVERY	To enhance the municipality's cabability to provide efficient and cost effective services to the community by skills and knowledge development.			253 285	280 142	307 535	382 520	378 769	378 769	409 444	436 192	467 258
SAFER COMMUNITY	To safeguard the municipality's assets and infrastructure and enforce traffic by-laws.			13 313	12 383	17 179	29 373	2 082	2 082	42 686	27 547	8 460
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	446 883	511 075	474 792	627 948	602 785	602 785	652 307	695 913	741 262

**Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

WC045 Oudtshoorn - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Wet's Stationery - Supporting Table 6: Information on 1st Strategic Objective and Budget (Operating Expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
GOOD GOVERNANCE	To promote adherence to Legislation and Acts governing Municipalities. Review or draft policies/ strategies for economic growth. Ensure accountability and responsibility towards the public and government organisations. To enhance the municipality's capability to provide efficient and cost effective services to the community by skills and knowledge development.			122 769	236 514	171 802	157 205	154 616	154 616	251 146	264 226	280 312
SERVICE DELIVERY				193 475	177 448	255 534	278 015	284 194	284 194	304 098	323 353	343 468
SAFER COMMUNITY				97 801	54 558	49 426	93 886	142 693	142 693	107 825	97 860	83 992
											</	

**Table 29 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

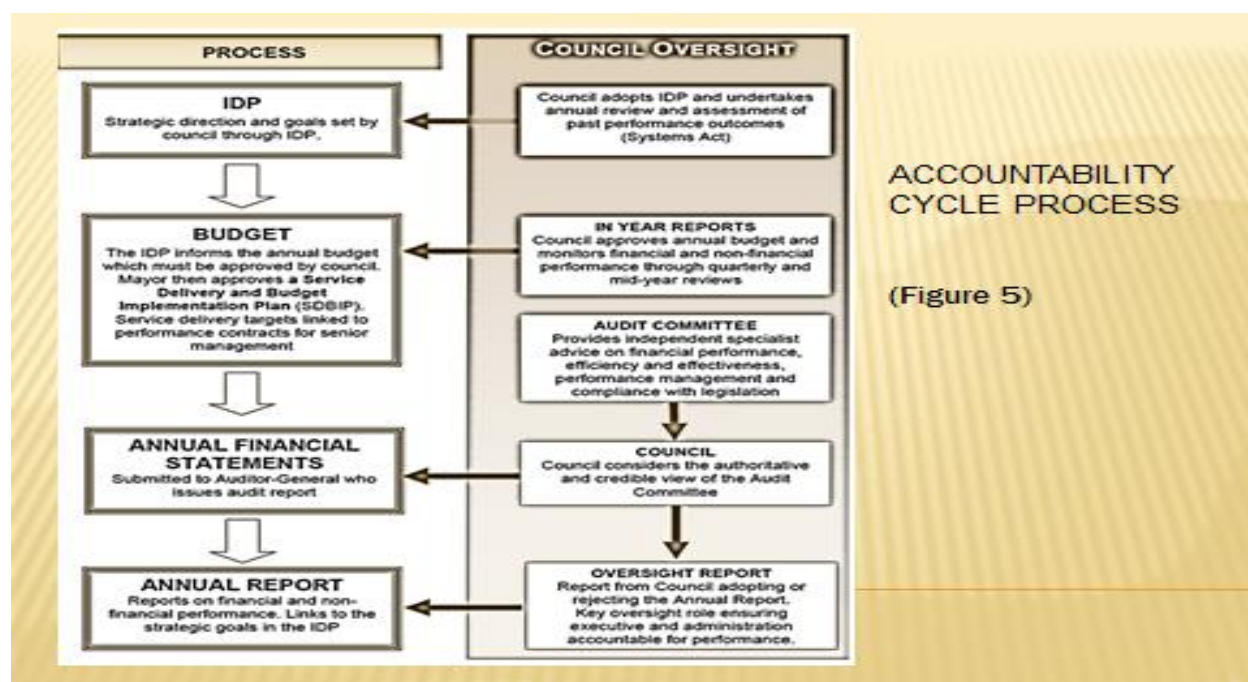
WC045 Oudtshoorn - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

2016/17 Medium Term Revenue & Expenditure Framework												
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
GOOD GOVERNANCE	To promote adherence to Legislation and Acts governing Municipalities. Review or draft policies/ strategies for economic growth. Ensure accountability and responsibility towards the public and government organisations.	A		2 768	996	27	762	1 013	1 013	1 577	1 500	1 650
		B		36 998	39 078	17 987	43 592	56 207	56 207	26 980	47 442	70 874
SERVICE DELIVERY	To enhance the municipality's capability to provide efficient and cost effective services to the community by skills and knowledge development.	C										
SAFER COMMUNITY	To safeguard the municipality's assets and infrastructure and enforce traffic by-laws.	D		4 315	1 732	3 827	3 006	2 924	2 924	7 929	640	-
		E										
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
N												
O												
P												
Allocations to other priorities			3									
Total Capital Expenditure			1	44 081	41 806	21 841	47 359	60 144	60 144	36 486	49 582	72 524

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Oudtshoorn Municipality needs to develop and implement a performance management system which is constantly refined as the integrated planning process unfolds. The Municipality must target, monitor, assess and review organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 6 Planning, budgeting and reporting cycle**

The performance of Oudtshoorn Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Oudtshoorn Municipality therefore must adopt one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and

- Improvement (making changes where necessary).

The performance information concepts used by Oudtshoorn Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides some of the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 30 MBRR Table SA7 - Measurable performance objectives**

WC045 Oudtshoorn - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Municipal services and Infrastructure</b>										
<b>Water</b>										
Water Distribution										
Number of new water connections	number				133	150	200	150	165	100
<b>Sub-function 2 - (name)</b>										
Insert measure/s description										
<b>Waste Water</b>										
Waste Water Management										
Refurbish of Dysselsdorp WWTW	Value				5 482 456	4 824 561	4 824 561	2 192 982	4 824 561	8 790 649
<b>Storm Water</b>										
Upgrading of stormwater system	Value				3 070 174	3 070 174	3 070 174	1 754 386	2 631 579	3 209 519
Insert measure/s description										
<b>Road and Transport</b>										
Roads										
Paving of streets	Value									
Repair and maintenance of streets	Value									
Insert measure/s description										
					1 176 805	1 754 386	1 754 386	3 259 550	4 666 185	1 333 087
<b>Electricity</b>										
<b>Electricity</b>										
Electrification Connections	Value of Spending									
Electrification Connections	Number of connections				2 665 000	2 830 230	2 997 214	3 177 046	3 367 669	3 569 729
Electrification Connections	Number of connections				133	150	200	150	165	100
<b>Sub-function 2 - (name)</b>										
Insert measure/s description										
<b>Sub-function 3 - (name)</b>										
Insert measure/s description										
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
Insert measure/s description										
<b>Sub-function 2 - (name)</b>										
Insert measure/s description										
<b>Sub-function 3 - (name)</b>										
Insert measure/s description										
<b>Vote 3 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
Insert measure/s description										
<b>Sub-function 2 - (name)</b>										
Insert measure/s description										
<b>Sub-function 3 - (name)</b>										
Insert measure/s description										
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
Insert measure/s description										
<b>Sub-function 2 - (name)</b>										
Insert measure/s description										
<b>Sub-function 3 - (name)</b>										
Insert measure/s description										
<b>And so on for the rest of the Votes</b>										



The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

**Table 31 MBRR Table SA8 - Performance indicators and benchmarks**

WC045 Oudtshoorn - Supporting Table SA8 Performance indicators and benchmarks

Table 1: Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.6%	4.4%	5.7%	2.9%	3.0%	3.0%	3.0%	2.6%	2.5%	2.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.2%	6.1%	7.7%	3.6%	3.6%	3.6%	3.6%	3.3%	3.1%	2.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	2.2%	-254.2%	702.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0.9	0.5	0.4	0.7	0.6	0.6	0.6	0.7	0.7	0.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	0.5	0.4	0.7	0.6	0.6	0.6	0.7	0.7	0.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.3	0.4	0.5
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	100.0%	100.0%	100.0%	96.0%	96.0%	96.0%	97.0%	97.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	100.0%	100.0%	100.0%	96.0%	96.0%	96.0%	97.0%	97.0%	97.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.7%	18.6%	9.6%	9.5%	8.1%	8.1%	8.1%	6.1%	4.1%	2.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))								100.0%	100.0%	100.0%
Creditors to Cash and Investments		343.9%	-134.8%	477.6%	-89.4%	307.3%	307.3%	307.3%	107.5%	78.4%	57.1%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
		13 172	9 466	16 917	18 567	18 567	18 567	18 567	20 052	21 656	23 172
	Total Cost of Losses (Rand '000)			19 481	21 380	21 380	21 380	21 380	23 091	24 938	26 684
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)		0	0	0	0	0	0	0	0	0	0
	Total Volume Losses (kℓ)	1 734	834	1 734	1 535	1 535	1 535	1 535	1 535	1 535	1 642
	Total Cost of Losses (Rand '000)	5 238	430	5 238	4 938	4 938	4 938	4 938	4 938	4 938	5 284
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.4%	38.1%	42.0%	33.1%	36.5%	36.5%	36.5%	34.7%	35.5%	36.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.5%	39.9%	43.5%	34.8%	38.2%	38.2%		36.4%	37.3%	38.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.2%	7.3%	2.0%	2.3%	2.3%	2.3%		2.8%	2.8%	2.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.6%	6.7%	8.3%	5.2%	5.4%	5.4%	5.4%	5.1%	5.1%	5.2%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	15.6	17.3	20.6	26.2	26.2	26.2	24.9	24.2	24.2	25.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.4%	27.9%	13.0%	13.0%	10.7%	10.7%	10.7%	8.4%	5.4%	2.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	(1.4)	0.5	(1.7)	0.5	0.5	0.5	0.7	0.9	1.1

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Oudtshoorn Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of Oudtshoorn Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is decreasing over the MTREF from 15.53% at the end of June 2014 to 13.42% as at 30 June 2015. It needs to be mentioned that the ratio would further decrease over the MTREF as no additional borrowing is envisaged to be taken up during the next and subsequent financial years. The ratio for the 2017/2018 financial year equates to 6.6%
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing will remained constant in the MTREF the ratio is currently at 2.5%. While borrowing is considered a prudent financial instrument in financing capital infrastructure development the current financial position of the municipality restricts the municipality to take up any further loans.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. We do not envisage to raise any loans over the MTREF until the municipality has recovered financially.

Oudtshoorn Municipality's debt profile provides some interesting insights on Oudtshoorn Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

Oudtshoorn Municipality has raised mainly amortising loans in prior years, hence effectively 'front-loading' its debt service costs. This is reflected in Oudtshoorn Municipality's debt service profile, which predicts a decline in debt service over the MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of Oudtshoorn Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. Currently the inability of the municipality to timely service its creditors is hampering the prospects of the municipality raising loans at competitive rates in future budget years.

It is very unfortunate that the municipal cash flow is heavily under pressure thereby causing a prolonged period necessary for complete financial recovery.

#### 2.3.1.2 Safety of Capital

- The *debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft as well as tax provisions as a percentage of funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark Oudtshoorn Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 financial period the current ratio was 0.52. The ratio needs to improve over the MTREF to at least reach the minimum of 1 upon the conclusion of the MTREF.
- The *liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 0.4 and as part of the long term financial planning strategy it must be increased to 1 in the 2018/19 financial year to indicate that the municipality has sufficient financial resources to meet its current obligations. Although a ratio of 1:1 is set as a target over the MTREF the benchmark is at least a ratio of 2:1

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, this include engaging with revenue enhancement services to ensure all revenue remains in the revenue net, as well as strict application of the credit control policy to collect all debt current and debt that has fallen in arrears. The strategy also includes above CPI tariff determinations over the entire MTREF to aide in the financial recovery of the municipality.

#### 2.3.1.5 Creditors Management

- Oudtshoorn Municipality has failed to ensure that creditors are settled within the legislated 30 days of invoice. With the liquidity ratio that has worsened it has become extremely difficult to meet the legislative requirement in this regard. A concerted effort will be necessary if the municipality is to meet the legislative requirement in this regard. The municipality's name has been brought into disrepute and suppliers are reluctant to do business with the municipality as a result of continued late payment.

#### 2.3.1.6 Other Indicators

- The electricity distribution losses will be significantly managed and reduced from 8.22% in the 2014/15 financial year to 6% over the MTREF. The initiatives to ensure that these targets are achieved include managing illegal connections, replacement of meters, minimizing unread meters and revenue enhancement initiatives.
- The water distribution losses will also be reduced from a current 16% to be within an acceptable norm of between 11% and 15% upon the outer year of the MTREF being 30

June 2020. Losses are managed through a combination of exception reports, meter deviation reports and revenue enhancement initiatives.

- Employee costs as a percentage of operating revenue is decreasing as a percentage of the total expenditure in the 2017/2018 financial year yet it escalates by R 10.2 million year on year as a result of the provision for the filling of critical management vacancies especially in the finance department as well as the impact that the adoption of the new organizational structure may have. The general salary increase budgeted for 2017/2018 financial year amounts to 7.4%. Employee related cost continues to be one of the major costs related to service delivery and will be managed to be within acceptable norms and benchmarks for future budgets.
- Repairs and maintenance as percentage of operating revenue is increasing when compared to prior year budgets although the cash flow situation do not allow for adequate provision to be made in the 2017/2018 financial year. Repairs and maintenance expenditure needs to receive preference over the MTREF to ensure the management of the asset base.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of Oudtshoorn Municipality. Registered indigents qualify for free basic services as prescribed by the National Treasury and also receives a rebate on assessment rates.

For the 2017/18 financial year between 5500 and 6500 households will receive free basic services. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, free sanitation and free waste removal services, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in Eskom distribution areas that receive free services and the cost of these services are not taken into account in the table referred to above.

### **2.3.3 Providing clean water and managing waste water**

Oudtshoorn Municipality is the Water Services Authority for the entire municipal area in terms of the Water Services Act, 1997 and also acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Oudtshoorn Municipality needs to strive towards Blue Drop status in 2017/2018, indicating that Oudtshoorn Municipality's drinking water is of exceptional quality. Oudtshoorn also needs to

ensure that waste water complies with minimum standards of treatment and purification in order to ensure that no harm comes to the environment when treated waste water is disposed of.

The following is briefly the main challenges facing Oudtshoorn Municipality with regards to water and waste water management.

- The infrastructure at the waste water treatment works is old and require a total refurbishment to continue meeting quality standards;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Water sources are scarce and bulk water augmentation is critical for the immediate future especially considering the current drought situation.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget, subject to funding availability;
- The filling of vacancies will be prioritized to ensure adequately skilled staff are appointed for service delivery.
- The engineering division is working in consultation with the Department of Water Affairs, neighboring municipalities and the Eden District to address bulk water augmentation.

## **2.4 OVERVIEW OF BUDGET RELATED POLICIES**

The Oudtshoorn Municipality's budgeting process is guided and governed by relevant legislation, strategies and related policies. The purpose of policies is to ensure that there are controls and procedures in place that are not in contravention with the Acts. The policies harmonise with the environment and regulate the municipality. Below are reference to the budget related policies that have been reviewed in the 2016/17 financial year in accordance with MBRR regulation 7. All budget policies will be available for scrutiny and input with the budget documentation.

### **2.4.1 Budget policy**

The objective of the budget policy is to set the principles to which the municipality will follow with the preparation of each medium term revenue and expenditure framework budget, the responsibilities of the Executive Mayor, the Accounting Officer, the Chief Financial Officer and other senior managers in compiling the budget. To further establish and maintain procedures to ensure adherence to Oudtshoorn Municipality's IDP review and budget processes and to provide the Oudtshoorn Municipality with the necessary work documentation and procedures to ensure that the Municipality is in a position to compile, implement, control and report on the annual budget of the Municipality as prescribed by the best practices, act and internal workflows.

The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. A municipality's budget policy and its underlying administrative process within the system of delegations is one of these controls. It is the responsibility of each Head of Department (Sec 57 Managers) to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted and to

ensure that allocated funds are utilized economically, effectively and efficiently and for approved purpose(s).

The policy is amended by providing for the definition of mSCOA, no further amendments are proposed.

#### **2.4.2 Credit control and debt collection procedures/policies**

To ensure council collects all debts in respect of rates, service fees and to provide a framework for credit control and debt collection procedures and mechanisms. This strategy further seeks to explore other sources of revenue to enhance the financial muscle of the municipality.

While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

The proposed revisions are as follows:

#### **Page 11 GENERAL OBJECTIVES**

The objectives of this policy are

- To provide a framework within which the Municipality can exercise its Executive and legislative authority with regard to credit control and debt Collection
- To ensure that all monies due and payable to the Municipality are collected
- And used to deliver services in the best interest of the community; residents
- And customers; and, in a financially sustainable manner;
- To provide a framework for customer care;
- To describe credit control measures and sequence events;
- To outline debt collection procedures and mechanisms;
- To set realistic targets for debt collecting.

### **3. PRINCIPLES**

- In the execution of its Customer Care, Credit Control and Debt Collection Policy the Municipality will apply the following principles:
- The administrative integrity of the Municipality will be maintained at all costs meaning that democratically elected councillors are responsible for the adoption of the policy, while the Municipal Manager must execute the policy-
- All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines.
- Changes to legislation, by-laws and policies may require existing customers to complete new application forms.

- A copy of the application forms and conditions of services must be handed to every customer. On request extracts of the Customer Care, Credit Control and Debt Collection policy and By-Law are available to every customer at such fees as may be prescribed.
- Billing is to be accurate, timely and understandable.

## **Page 12 General Objectives Continued**

### **The customer is entitled to:-**

- Reasonable access to pay points;
- A variety of reliable payment methods; and an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of such an Appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Unauthorized consumption, illegal connection, the tampering with or theft of
- Meters, service supply equipment and the reticulation network and any
- Fraudulent activity in connection with the provision of Municipal services will
- Lead to disconnections, penalties, loss of rights and
- Criminal prosecutions.

### **Incentives may be used in the collection process**

- The collection process must be cost-effective.
- The executive mayor must report the customer care, credit control and debt Collection performance results, regularly and efficiently to Council
- Application forms will be used to, *inter alia*, categories customers according to
- Credit risk and to determine relevant levels of services and deposits required.
- Performance targets for customer service, credit control and debt collection will be set and pursued and remedies implemented for non-performance.
- Where practically possible customer cares, credit control and debt collection should be handled independently and the organizational structure will reflect the separate functions.

## **Page 13**

4.1.16 to revise the budget should the targets for Customer Care, Credit control and Debt Collection not be met.

## **Page 14**

4.3.1 To maintain an appropriate accounting systems

4.3.18 To delegate certain functions to heads of departments

4.3.18 To report to the Executive Mayor

#### **Page 15 Duties and Functions of Councilors**

4.4.4 To always pay amounts that are owed in respect of Municipal rates, taxes and services and not to default on payments. The Municipality may deduct any outstanding amounts from a Councilor, if the Councilor has not paid amounts that are due to the Municipality for more than three (3) months.

4.6.4 To allow municipal officials reasonable access to their property to execute municipal functions;

4.6.5 To comply with the policy and by-laws and other legislation related to the customer care. Credit control and debt collection of the municipality;

4.6.6 To refrain from damaging and or tampering with municipal services and property.

#### **4.7 Duties and Responsibility of Municipal Staff**

4.7.1 To always pay amounts that are owed in respect of Municipal rates, taxes and Services and not to default on payments.

4.7.2 The Municipality may deduct any outstanding amounts from a staff member, if the member has not paid amounts that are due to the Municipality for than three (3) months.

4.7.3 The normal credit control procedures shall also apply to any arrear account of a Councilor or Municipal staff.

4.7.4 Where the Municipality provides temporary employment to members of the community who are in arrears with payments for Municipal rates and services they will be required to enter an agreement to pay 20% of their gross remuneration towards these arrears of debt.

#### **Page 16 Reporting**

Reporting from the Chief Financial Officer will be done in conjunction with Section 100 (c) of the System Act

#### **Page 19 Metering**

- If it is not possible to read all meters monthly the consumption will be estimated, but it must be read at least every 3 months by the Municipality;
- Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof if verification of special meter reading appear to be correct:



## Page 21 Account, Billing and Payment

- 6.6.9 Where after Finalization of a customer's municipal account, there is a credit./debit balance on the account:
- The Municipality may transfer such balance to any other exiting account on a property owned by that customer, without authorization of that customer.
  - If no other account exist as provided for in above, then the credit will be refunded to the customer,
  - Where a credit occurred after a property was sold, the request for refund must be made by the conveyance attorney
  - Any remaining debit will be collected in terms of the policy.
  - All municipal charges may be collected from the owner in terms of Section 118(3) of the Municipal Systems Act.
- 6.6.10 Adjustments will be based on the consumption **3 months after** the leakage took place or alternatively on the consumption **3 months before** the leakage took place.
- 6.6.11 Adjustment made to the customer's account, where the adjustment is in the customer's favor will be made for the three preceding years.
- 6.6.12 Adjustment made to the customer's services account ,where the adjustment is in the municipality's favor will be made for the three preceding years

Where the customer caused the adjustment, for example: by-passing of meters of supply incorrect information, then the adjustment will be made for the three preceding years

## Page 22 Customer Assistance Programs

- Where suitable proof of repair cost are provided, the Municipality may provide relief to a maximum of **70%** of the charge raised for the water lost due to the leak, for a period not exceeding twelve **(12)months**
- Adjustments will be based on the consumption 3 months after the leakage took place or alternatively on the consumption **3 months** before the leakage took place

## Page 23 Arrangements for settlement of Arrears accounts

- When a prepayment meter is installed due to default on payments, the customer is placed on the higher prepaid tariff in order to recover the cost of the meter by adding the debt as a surcharge to the prepaid electricity cost, and be repaid by allocating 50% with each purchase of the electricity until the debt is fully recovered:
- In terms of the one account policy, an owner must grant permission for the tenant or occupier before an arrangement can be made with a tenant. If a tenant defaults or does not pay, the owner remains liable for the debt.
- Where a tenant's account become overdue, the municipality may consolidate that account with the owner's account.

- Where a customer does not honour the arrangement entered into, the agreement will be cancelled without further notice and the debt collection process, which may include disconnection of services or legal action will follow.

### **6.73.3 Payment of Rates as annual charge**

- Customers, who may elect to pay their property rates account annual, must pay on or before 30 September.
- Any arrangement for annual rates shall be made as prescribed in the Municipality's Rates Policy, and the arrangement will be cancelled and all rates will become payable in full with immediate effect should any **three** instalments become overdue.

## **Page 23 Credit Control**

**7.2.17** the owner is responsible for all charges on the property in respect of the tenant or Occupiers account, in terms of Section 118(3) of the Act.

**7.2.18** In the event of failure by the new owner to pay his or her deposit as mentioned above, the deposit will be debited on the account and all services (e.g.: water, Electricity, refuse removal) to the property will be transferred to the new owners account, and charged at the tariffs charged at to the previous owner.

## **Page 26 Customer screening and securities**

### **Persons and business who tender to the Municipality**

- The Supply Chain Management Policy and Tender Conditions of the Municipalities will include the following:
- When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tendered obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tendered and / or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears;
- No tender will be allocated to a person / contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period; and condition allowing the Municipality to deduct any monies owing to the Municipality from contract payments

### **7.3.11 Personal contact details to revised to more detail information**

**7.3.12 Proof address information to revised, amended to who information will be given and who not.**

## Page 29 Restricted Services

The Municipality will not get involved in disputes between an owner and a tenant or Occupier in respect of disconnection of services. Services will only be disconnected in terms of the Credit Control Policy, and will be reconnected on payment of outstanding debt, by any party, Irrespective of who the accountholder is.

An owner may not disconnect services in an effort to evict a tenant or occupier.

## Page 30 Clearance Certificates

- 7.8.1 When a property is sold the previous owner must terminate this services and the new owner must register the services in his own name and pay the required deposit.
- 7.8.2 The Municipality may hold both the accountholder and the new owner liable for services render to the property, if sub paragraph is not complied with.
- 7.8.3 The new owner may be held liable of any debt not recovered from the previous owner or accountholder, as Municipal debt is a ~~charge~~ upon the property in terms of Section 118(3) of the Municipal's Systems Act.
- 7.8.4 An advance payment equal to **4 (four) months** rates and services and **2 (two) months** water and electricity usage will be collected as part of the Rates Clearance processes.
- 7.8.5 All tenant accounts will be closed ~~by~~ on registration date and all future charges will be the responsibility of the new owner.
- 7.8.6 The municipality will not issue a rates clearance certificate in terms of Section 118(1) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000), if the preceding two years municipal services charged to the property, and any associated charges for interest and legal costs have not been paid.
- 7.8.7 **In terms of section 118 (3) of the Municipal Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal rates, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.**
- 7.8.8 **All debt is deemed to be collectable by the municipality despite a Clearance Certificate issued in terms of section 118 (1)(b) and remains a charge against the property which the municipality will collect by all means necessary from the owner giving transfer of the property.**

- 7.8.9 Where an owner receiving an indigence subsidy sells his property within one year of receiving an indigence write-off, the amount payable in terms of Section 118(1) will be determined by the municipality as all amounts levied in the preceding two years, irrespective of whether such amounts were written off as part of the indigent relief.**

### **Page 31 Pre-payment Systems**

- A customer with arrears, who applies for a pre-payment meter, will be required to repay all arrears in full before a pre-payment electricity meter is installed or, if the amount outstanding is large and/or the customer's ability to pay is limited the arrears can be repaid by allocating 50% of all purchases before any electricity credit is given;
- Only bank transfers, cash and bank cards will be accepted for the sale of prepaid electricity;
- No refund for pre-paid tokens will be given to clients customers that move to another address with a different prepaid meter.

### **APPLICATION FOR SERVICES AND SERVICE AGREEMENTS**

Page 26 (22)

7.2.16 "No new service agreements between the municipality and tenant will be entered and owners remain responsible for all services on the stand, and services will be on the owners account

7.2.19 (7.2.17) on default by the current tenants, the owner will be the debtor of last resort;

7.2.20 (7.2.18) Where the current municipal services are used/consumed or made use of, and the owner, tenant, or occupants of a property, have not entered into nor completed an agreement for such services, the owner responsible for the payment of rates on the property will be billed for the metered consumption and all municipal service charges applicable to the property."

### **2.4.3 Asset management policy**

Asset Management promotes efficient and effective management, monitoring and control of assets and the objectives of having an Asset Management Policy are:

- i. To ensure accurate recording of asset information and accurate recording of asset movements.
- ii. To ensure compliance with Council's Insurance Policy, Supply Chain Management Policy and Payment Procedure thereby enforcing the effective and efficient control, utilisation, and optimisation of usage, safeguarding and management of municipal assets.
- iii. To ensure that all responsible parties are aware of their roles and responsibilities regarding the assets of the municipality and to prescribe the accounting treatment of assets acquired and used in accordance with the applicable accounting standards approved by National Treasury.

No amendments are proposed

#### **2.4.4 Long term financial planning policy**

This is a new policy proposed and the policy will form part of the budget consultation process and was available at all offices and libraries for scrutiny.

The purpose of this long term financial plan policy is to set out details of the financial issues that need to be addressed in a financial year. It is meant to be a tool to highlight any financial shortcomings.

#### **2.4.5 Indigent policy**

The purpose of this policy is to provide procedures and guidelines for the subsidization of basic services to its indigents, using the Municipality's budgetary allocations through the equitable share. Households with no or lower income are not be denied a reasonable service provided that grants are received and funds are available, the indigent subsidy policy should remain intact. To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.

In order to qualify as an indigent the consumer needs to complete the necessary documentation as required and agree to regulations and restrictions as stipulated by Municipality policy.

The proposed revisions are as follows:

#### **The proposed revisions are as follows:**

##### Page 2 Definitions

- "child headed households" means a household where both parents are deceased and where all occupants of the property are children of the deceased and are all under the legal age to contract for services and are considered as minors in the law by the state.
- Paragraph added to the purpose of the policy
- Paragraph added to the definitions Municipality

##### Page 4 Benefits approved indigent household

**5.1.2.1** Each registered indigent household shall receive water fully subsidized to a maximum of 6 Kilolitres per month, including the basic charges for such supply: provided that:

- Where the consumption exceeds 6kl per month the municipality shall be entitled to restrict water to the property.
- Where excessive consumption is partly due to leakage the household should apply for rectification under 5.1.2.9 of this policy

**5.1.2.5.** Each registered indigent household shall be fully subsidized for sanitation as provided for in the annual budget. Where an indigent household has a sewerage tank, only 1 (one) sanitation removal will be granted free of charge per month **5.1.2.9** Unforeseen property expenditures

The Municipality may, upon its discretion and based the merit subsidise an indigent household in full for any unforeseen

Expenditure associated with:

- Water Leakages
- Faulty electricity meter etc.

This benefit will be dealt with by municipal help desk

**5.1.10** Assistance on arrears

- Any first time indigent applicant qualifies for a once-off write-off of that household municipal debt.
- An indigent account holder qualifies for a write-off if the arrears are linked to a water leakage and evidence of such a repair can be shown by the municipal help desk.

**Page 8**

7.5 Termination of the Indigent Support added to the policy

7.6 Moving of Indigent people added to the policy

**Page 9 Cemetery subsidy**

**8.1.2** In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery. The affected household has to apply for the above benefit. No other benefit or financial contribution will be made or allowed by the municipality in favour of or in respect of the burial of indigent person.

**8.1.4** In the case where a member of the household was not captured on the application form but the family wants to apply for the indigent burial benefit, these cases must be referred to the municipal manager for consideration.

**Page 10 Transfer of property**

**12. Transfer of property**

Transfer of the property in the name of a deceased debtor to a beneficiary

- If the beneficiary was legally appointed (testament) by the deceased account holder, and the beneficiary is an indigent person, the beneficiary (occupant) of the property will continue to qualify for the indigent subsidy until the property is transferred into the beneficiaries name.
- Where it is found that the beneficiary (occupant) will also qualify for the indigent subsidy, all the cost associated with the transfer of the property into the beneficiaries name to be paid from the equitable share relating to the indigent subsidy **earmarked subject to the availability of the budget and/or legal aid**

- Annually the Oudtshoorn Municipality has to budget for 10 houses to be transferred under this policy. The names of the beneficiaries under this scheme have to be approved by Council.
- The above process will be executed by the appointed attorneys of the Oudtshoorn Municipal Council
- If there is no legal beneficiary for the property of the deceased accountholder and the name of the deceased appear on the list for transfer to be made and approved by council, the deceased account will be handed over to attorneys of the Oudtshoorn Municipality to get hold of the legal beneficiary of the property. The procedures as described in 12.1 will then take place. The cost of the above will also paid out of the Indigent subsidy vote subject to availability of the budget and/or legal aid

## **10. Exemption of deposit changes**

10.1.2 "..... Newly build low cost housing where the household qualifies for the indigent subsidy are allowed to pay their water deposit in two equal monthly instalments."

### **2.4.6 Property Rates policy**

The Local Government Municipal Property Rates Act (No. 6 of 2004) and section 62(1) of the Municipal Finance Management Act (No 56 of 2003) requires municipalities to develop, adopt and implement a rates policy on the levying of rates on rateable properties in the municipality.

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

The proposed revisions are as follows:

#### **Page 12 Categories of Municipal Properties**

This second replace with the new categories as mentioned in the amendment of the MPRA

#### **Page 13 Multiple Purposes**

Multiple purpose amended in terms of section 8 of the MPRA

**Page 13**

Section 12 if Joint ..... to be deleted/removed from the policy

**Page 15**

Vesting properties for example private open spaces, streets and riverbanks properties are also exempted from tax, apart from the fact that it is vesting properties still registered in private owners names and transfer to council has not taken place yet

**Page 16**

13.3 The Municipality has the right to change any non-rate able property with a Municipal category to a rate able category, if it is sold during the financial year and becomes rate able. This could be done before the category changes take place during the supplementary valuation period.

**Page 18**

15.3 Municipal properties sold religious communities **not yet register** (a) Properties owned and used by a religious community for a place of public worship are exempted from tax, according to section 17 of the said act. Some properties are used by a religious community for a place of public worship, but the property is still not registered in the name of that religious community. In some cases the municipality is still the owner according to registration at the deeds office, but will give them the same benefit.

(b) Properties in the rural area owned by a religious community, consisting out of a building used primarily as a place of public worship, but during the week operate as a school to assist the church and its progress, will also be exempted from tax.

**Page 18 Rebates**

Any property situated in the rural area, that is not owned by a bona fide farmer and /or used for bona fide farming purpose will not categorized as Agricultural such properties will be categorized according to the usage that may be as follow:

- When the property has a house on it and is used for residency, it will be categorized as residential.
- When a property is not used for any purpose, it will be categorized as vacant residential.

**Page 19 Agriculture**

The rates ratio between agricultural properties used for Agricultural purposes may not be more than the

Ratio that the Minister for Provincial and Local Government in Concurrence with the Minister of Finance may from time to Time determine and promulgate in the Government Gazette



Qualifying requirements are that the property must be Categorized according to its usage in terms of section 8 (2) (d) of the act *supra* or the owner should be taxed by SARS as a ***Bona fide*** farmer and the last tax assessment must be provided as proof, or

where the owner is not taxed as a farmer, proof is required that Income from farming activities exceeds 60% of the household Income.

### **Page 19 Other Rural properties**

(f) Rural properties use for Game Farming:

Game farming will not be categorized under agriculture according to the amendment MPRA definitions. Properties use for trading and hunting in Game will be categories as Business properties

### **Page 20 Eco-Tourism**

Where there are more than one usage the property will be rate as a multiple purpose and will be valued according to the different categories.

### **Page 20 Other Rural**

(h) Other Rural properties

Any properties in the rural area not used for agricultural purpose, residential or vacant residential will be categorized according to the usage of property as determined according to section 8(2)

### **2.4.7 Supply Chain Management policy**

Section 111 of the MFMA requires each municipality and municipal entity to adopt and implement a Supply Chain Management Policy, which gives effect to the requirements of the Act. The Municipal Supply Chain Management Policy was adopted by Council and the three committees required by the Act have been established and are functional.

The Supply Chain Management Policy provides systems for the following functions:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Risk Management
- Performance Management
- 

It also describes in detail the process and procedures of the acquisition of goods, services and works as well as the disposal of inscrutable, redundant and obsolete goods.

All officials and other role players in the supply chain management system of the municipality must implement this policy in a way that -

- i. gives effect to Section 217 of the Constitution and Part 1 of Chapter 11 and other applicable provisions of the Act;
- ii. is fair, equitable, transparent, competitive and cost effective;
- iii. complies with the Regulations and any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- iv. is consistent with other applicable legislation;
- v. Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- vi. is consistent with national economic policy concerning the promotion of investments and the conduct of business with the public sector.

The following amendments to the SCM policy is proposed:

1. Page 8 section 1 - Definitions “ Long term contract” and “Long term nature contract” included in SCM policy not previously included.
2. Page 17 section 11 (1) (d) – wording being taken out because Construction Industry Development Board conditions will apply to the new infrastructure policy of council.
3. Page 24 section 19 (2) – wording being taken out because construction works will apply to the new infrastructure policy of council.
4. Page 25 – section 21 (a) (iii) - wording being taken out because Construction Industry Development Board requirements will apply to the new infrastructure policy of council.
5. Page 26 section 22 (1) (b) (iv)- wording being taken out because Construction Industry Development Board grading will apply to the new infrastructure policy of council.
6. Page 33 section 28 (4) (vii) - wording being taken out because Construction Industry Development Board requirements will apply to the new infrastructure policy of council.
7. Page 36 section 29 (10) (g) - wording being taken out because Construction Industry Development Board requirements will apply to the new infrastructure policy of council.
8. Page 39 section 35 (5) - wording being taken out because Construction Industry Development Board guidelines will apply to the new infrastructure policy of council.
9. Page 40 section 36 (1) (vii) – wording being taken out, all strip and quote less than R30,000 will be reported in terms of SCM regulation 16 (c) and 17 (c) on advise of the Auditor General
10. Page 40 section 36 (4) (ii) – wording being taken out as the municipality is in process of procuring service provider for the supply of fuel and diesel.
11. Page 50 section 50 (8)(a)(b) (n) (o) (p), section 9 (a) (b) (c) - wording being taken out because Construction Industry Development Board guidelines will apply to the new infrastructure policy of council.
12. Page 55 section: content of tender documents (c) (d) – threshold for the 80/20 and 90/10 principles have changed in terms of the new preferential procurement policy framework act of 2017, previously 80/20 up to R1,000,000, new threshold up to R50,000,000 and 90/10 previously above R1,000,000, new threshold above R50,000,000. (d) section in PPPFA changed previously section 7 now in new PPPFA 2017 section 11.

13. Page 55 & 56 section: preference point system: (a) (b) - threshold for the 80/20 and 90/10 principles have changed in terms of the new preferential procurement policy framework act of 2017, previously 80/20 up to R1,000,000, new threshold up to R50,000,000 and 90/10 previously above R1,000,000, new threshold above R50,000,000. section in PPPFA 2011 changed previously section 5 (1) & 6(1) now in new PPPFA 2017 section 6(1) & 7(1)

#### **2.4.8 Grants in Aid policy**

This policy aims to provide the framework for grants-in-aid to non-governmental organisations, community based organisations or non-profit organisations and bodies that are used by government as an agency to serve the poor, marginalised or otherwise vulnerable as prescribed in sections 12 and 67 of the Municipal Finance Management Act (No. 56 of 2003)

Paragraph 5.1 (d) is amended to include a variety of expenses that qualify for grant allocations.

Paragraph 3.7 is amended by changing the level of authority from the CFO to the Mayor

#### **2.4.9 Borrowing policy**

The purpose of the policy is to govern the taking up of short-term or long-term debt according to the legislative framework.

The policy is amended by prescribing the gearing ratio to be no higher than 45% as contained in section 5.

#### **2.4.10 Virement policy**

The objective of the Virement Policy is to regulate the shifting of funds between votes and sub-votes of an approved budget.

The policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and Oudtshoorn Municipality's system of delegations.

The policy is amended to provide for mSCOA in the definitions as well as the body of the policy.

#### **2.4.11 Private Work and Declaration of Interest policy**

This provides provision for employees to perform private work and to be remunerated provided the Municipality has been informed and that certain conditions have been met on which special permission may be granted.

There are conditions specifying the staff member may not be party to a contract for the provision of goods or services or perform work other than as a staff member or have a financial interest in

any business or be engaged in any business, trade or profession other than the work of the municipality.

There are no amendments proposed on this policy.

#### **2.4.12 Study Bursary policy**

The objective of the policy is to encourage employees to engage in or to continue studies in order to develop skills and the level of academic achievement to improve the quality of life, increase the levels of investment in education, encourage Managers to facilitate active learning in workplace, provide employees with opportunities to acquire new skills and knowledge, encourage employees to participate in training programme, improve the advancement of previously disadvantage employees, meet the objective determined by career paths, learner ship contracts and progression policies and establish a pool of suitable candidates in order to support employment equity policy and planning.

There are no amendments proposed on this policy.

#### **2.4.13 Cash Management and Investment policy**

The intention of the investment policy is to ensure investments are made in an efficient and effective manner which generates the best returns for the municipality while considering preservation and safety of the principal and appropriate liquidity.

There are no amendments proposed on this policy.

#### **2.4.14 Tariff policy**

The General Financial Management functions covered in Section 62 of the Municipal Finance Management Act (No 56 of 2003) includes the implementation of a Tariff Policy. Specific legislation applicable to each service has been taken into consideration when the Policy was drafted.

The following change is proposed:

##### **Page 4 Definitions**

Definitions are be added to the policy

##### **Page 6 Purpose of the Policy**

That the Purpose of the policy is added to the current policy

##### **Page 7 Governance and Regulatory requirements**

That the Regulatory requirements are added to the policy

**Page 18 Categories of tariffs**

It is proposed that the Tariff Categories as approved by NERSA be include in the tariff Policy and overwrite the current tariff structure that not applicable since 2015/2016,

**Page 25 Water**

9.2.2.2 All domestic water consumers shall pay per stepped tariff per kiloliter as determined by die council from time to time shall be applicable

**Page 25 Refuse**

## Tariff Structure

- Plastic Bags per week ( volume)
- Containers per week(volume)(240litre)
- Bulk Refuse Containers
- Truck Load,<2000kg
- Truck Load >2000kg
- Tipping Fees (Landfall Site)

**2.4.15 Unauthorised, Fruitless and Wasteful Expenditure policy**

The aim of this policy is to prevent, identify, investigate and to respond appropriately in accordance with the law and address instances of unauthorised, irregular or fruitless and wasteful expenditure conclusively.

There are no amendments proposed on this policy.

**2.4.16 Funding and reserves policy**

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

There are no amendments proposed on this policy.

**2.4.17 Petty Cash Policy**

The petty cash policy sets out the process as well as the requirements for petty cash purchases, a cash limit per transaction is set at R 300.00 No amendments to this policy is proposed.

#### **2.4.18 Infrastructure Procurement Policy**

The National Treasury in 2004 issued the Supply Chain Management Regulation which gave rise to the supply chain management model policy for adoption by municipalities and municipal entities in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003. The model policy prescribes the minimum requirements and principles which municipalities and municipal entities must adhere to for their supply chain management systems. The above mentioned policy was issued principally for the acquisition of goods and services.

In October 2015 via NT circular 77, the National Treasury issued a Supply Chain Management Model Policy for Infrastructure Procurement and Delivery Management, in terms of Section 168 of the Municipal Finance Management Act of 2003 (Act 56 of 2003) in reference to SCM Regulation 3(2), this model policy prescribes the standards and gateways system requirements and principles which municipalities and municipal entities must adhere to when procuring infrastructure related services linking to CIDB and ISO standards and ethos, therefore the model policy for infrastructure Delivery and procurement serves as a conduit for the alignment between CIDB Act and supply chain management systems.

A new draft policy is submitted herewith.

#### **2.4.19 Cellular Telephone policy**

The cellular telephone policy regulated the allowances payable to staff and councilors for the use of privately owned or council cellular telephones for official purposes. It sets out the annual limitations as well as rules regarding the use of cellular telephones for official purposes.

A new draft policy is submitted herewith.

#### **2.4.20 Travelling and Subsistence policy**

The travelling and subsistence policy determines the rate for travelling, accommodation, subsistence, incidental expenses allowable when it is required of an official to travel for official purposes on behalf of the municipality.

A new draft policy is submitted herewith.

#### **2.4.21 Overtime policy**

The overtime policy regulates the circumstances for the working of overtime, the authorization, approval as well as the basis of remuneration. Being such a large component of the employee related cost, it is necessary that the overtime be regulated adequately.

The policy has been revised to the extent that any meals provided to employee during the working of overtime will be offset against the remuneration paid for actual hours of overtime worked.

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

It is expected that the economic recovery will be slow and prolonged; the anticipated growth for 2017 is 1.3% rising to 2.0% in 2018 and 2.2% for 2019.

Oudtshoorn municipality still finds itself in the shadow of the economic downturn coupled to the current cash flow crises resulting in limited financial resources being available for service delivery, this is also evident in the effort that needs to be made for the recovery of debt owed to the municipality. It is also therefore necessary to carefully evaluate spending decisions and to ensure value for money in all procurement processes.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are many factors that have been taken into consideration in the compilation of the 2017/18 MTREF the list hereunder represents a few of these:

- National Government macro-economic targets;
- Continued upward movement in interest rates;
- The general inflationary outlook and the impact on the municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 33.14% of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places additional upward pressure on the expenditure budget.

### **2.5.3 Credit rating outlook**

The Municipality has not had a credit rating done and considering the current financial position it is not advisable to have it performed.

### **2.5.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Oudtshoorn Municipality does not intend to take up any loans during the 2017/2018 budget year nor the MREF as the liquidity position does not allow for additional borrowing repayment.

Interest rates for investment purposes remains low and the average interest rate on investment is anticipated to average between 6% and 8% for the 2017/2018 financial year with little upward movement anticipated for the remainder of the MTREF. The municipality currently has very little funds available for investment purposes other than ad hoc call account deposits representing unspent grants.

### **2.5.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the MTREF to aid in the financial recovery of the municipality. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, it is however anticipated that interest rates may urge upward in the medium term placing a further strain on cash strapped consumers.

The rate of revenue collection is currently expressed as a percentage (96.0%) of annual billings. Cash flow is assumed to be 97% of billing, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.6 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of Oudtshoorn Municipality, household formation growth rate and the poor household change rate. These factors considered do not reflect an environment conducive to growth and economic stimulus is of essence to ensure the financial progression of the citizenry of Oudtshoorn and the municipality alike.

The compilation of the new general valuation roll for the period 2017 to 2021 has been completed and the new general valuation roll will thus be effective from 1 July 2017. The impact of the growth in the rates base was softened by the reduction of the assessment rates tariffs as indicated in the executive summary. Prudent financial management dictates that a conservative approach best serves a positive outcome and therefore the additional anticipated revenue as a result of the change in valuations have been conservatively estimated and included in the rates revenue, allowing for approximately 4.5% variance due to objections and appeals to valuations.

### **2.5.7 Salary increases**

The collective agreement determining salaries and wage increases came into operation on 1 July 2015 and shall remain in force until 30 June 2017. For the purpose of calculation of salary related expenditure for the 2017/2018 financial year an across the board salary increase of 7.4% was used. A new multi-year wage agreement will be negotiated for the remainder of the MTREF.

### **2.5.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs through labor intensive programs and projects as well as full participation in the EPWP;
- Enhancing education and skills development;
- Improving quality of life of all residents;



- Protection of the poor through appropriate subsidization and tariff setting
- Rural development and agriculture; and
- Creating a conducive environment for economic development

### **2.5.9 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 95% will be achieved on operating expenditure and 100% on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget. As the municipality needs to recover financially austerity measures are still applied to ensure savings on all categories of expenditure. The spending on the operating budget will be dependent on the realising of the revenue as per the revenue and cash flow estimates for the MTREF.

## **2.6 Overview of budget funding**

### **Funding of the Budget**

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

### **Credible Budget**

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensure that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfill their financial and managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

### **Long term financial planning**

A long term financial plan has been drafted and is updated with current financial and statistical information for the MTREF. It clearly sets out funding needs as well as economic, demographic and socio economic as well as other factors that may influence the financial performance of the municipality over the next 10 to 15 years. It confirms the position taken that borrowing cannot be considered for capital investment over the MTREF as it is unaffordable to the municipality in the current context and it will place a further unaffordable strain on the municipal financial position. Government Grants allocated to the Municipality is therefore the major source of capital funding over the MTREF.

The municipality needs to plan for cash-backed provisions and reserves but is unable to do so over the MTREF. The current portion of long term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses must be cash backed, these provisions will exponentially increase over the MTREF when vacancies are filled on a permanent basis.

The budget is fully compliant with GRAP standards and have also been compiled in accordance with mSCOA (Municipal Standard Chart of Accounts). This will assist the basis for sound financial practices and compliance in terms of the MFMA, mSCOA and GRAP.

### **Sources of funding**

Interest earned from investments is recorded in the operating revenue budget. The interest earned is expected to add little to revenue over the MTREF as all funds are necessary to recover financially and to meet current commitments.

### **Contributions**

The Municipality receives augmentation fees which serve as bulk service levies from new developers to provide infrastructure and other works as part of the conditions set with the granting process. This revenue source is not very predictable but with the prevailing economic climate it is expected that new developments will not follow past trends and these revenue streams are very dependent on economic recovery.

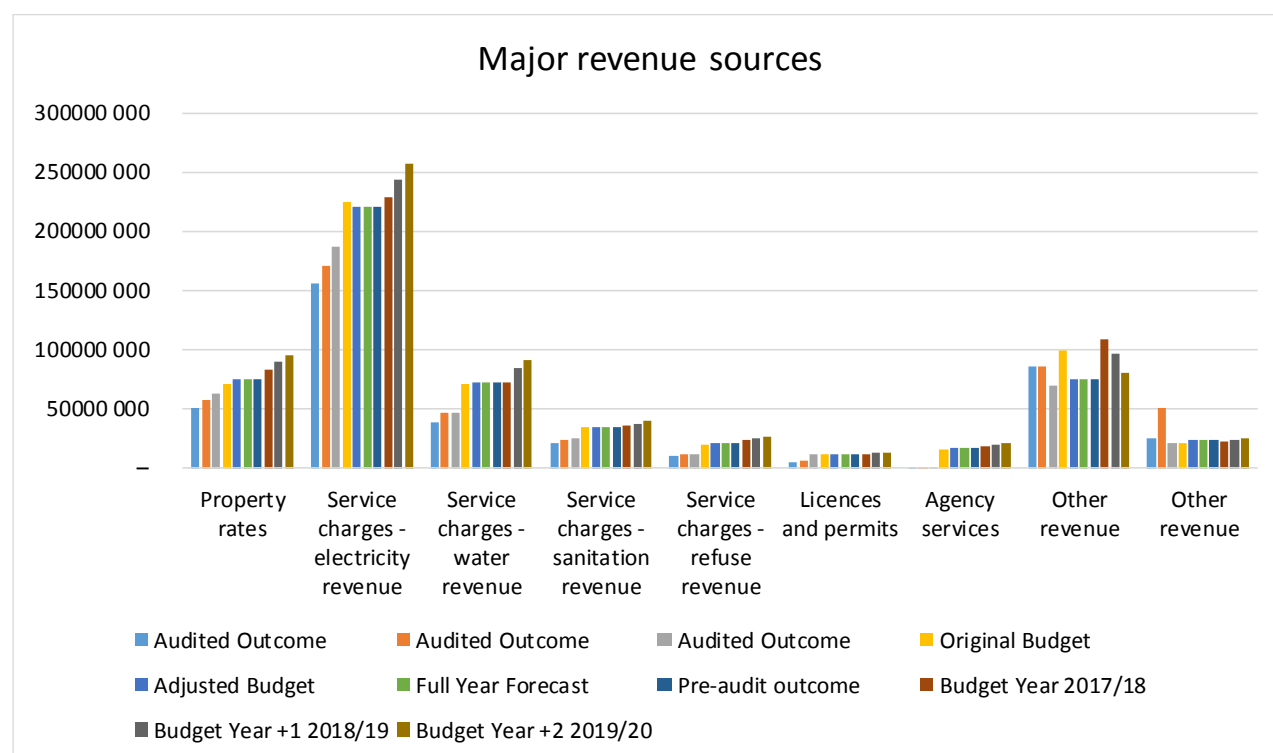
#### **2.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 32 Breakdown of the operating revenue over the medium-term**

Description	2017/18 Medium Term Revenue & Expenditure Framework				
	Budget Year 2017/18	Growth %	Budget Year +1 2018/19	Growth %	Budget Year +2 2019/20
<b>Revenue By Source</b>					
Property rates	83 694	7.00	89 552	7.00	95 821
Service charges - electricity revenue	229 535	5.90	243 078	5.80	257 176
Service charges - water revenue	72 691	16.07	84 375	8.56	91 595
Service charges - sanitation revenue	35 700	5.90	37 807	5.80	40 000
Service charges - refuse revenue	23 845	5.90	25 252	5.80	26 716
Rental of facilities and equipment	1 638	5.98	1 737	5.97	1 840
Interest earned - external investments	2 757	18.51	3 267	15.62	3 778
Interest earned - outstanding debtors	6 604	2.96	6 799	2.99	7 002
Fines, penalties and forfeits	11 896	6.17	12 629	5.54	13 329
Licences and permits	18 196	5.90	19 270	5.80	20 387
Transfers and subsidies	108 062	(11.07)	96 095	(15.69)	81 022
Other revenue	22 596	5.91	23 932	5.97	25 360
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>617 214</b>		<b>643 793</b>		<b>664 026</b>

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.

**Figure 7 Breakdown of operating revenue over the 2017/18 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. Oudtshoorn Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.) are other forms of revenue.

The revenue strategy is a function of key components such as:

- Growth in Oudtshoorn Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 96% annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and Property rates amendment Act, 2015
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The current financial predicament is a major contributing factor in the tariff determinations and the municipality has no alternative but to increase the service tariffs in excess of CPI in accordance with the approved financial recovery plan over the entire MTREF.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are reflected in the table below, the outer years of the MTREF reflect the tariff increases as per the National Treasury Growth parameters for the outer years and do not necessarily reflect the increases to be determined for the outer years:

**Table 33 Proposed tariff increases over the medium-term**

REVENUE CATEGORY	2017/2018 PROPOSED TARIFF INCREASE	2018/2019 PROPOSED TARIFF INCREASE	2019/2020 PROPOSED TARIFF INCREASE
Rates	10.4%	CPI + 4	8.0%
Refuse	10.4%	CPI + 4	8.0%
Sanitation & Waste Water	10.4%	CPI + 4	8.0%
Electricity (Change in policy and blocks)	3.88%	NERSA + 2	NERSA
Water (Change in policy and blocks)	9.5%	11.1%	10.1%

The tables below provide detail investment information and investment particulars by maturity.

**Table 34 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		9 808	302	16 217	7 500	7 500	7 500	10 000	10 650	11 342
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	9 808	302	16 217	7 500	7 500	7 500	10 000	10 650	11 342
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		9 808	302	16 217	7 500	7 500	7 500	10 000	10 650	11 342

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a break-even upon the conclusion of the MTREF. Surpluses needs to be generated through a combination of revenue enhancement and savings initiatives. Any surplus generated is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds in future budgets.

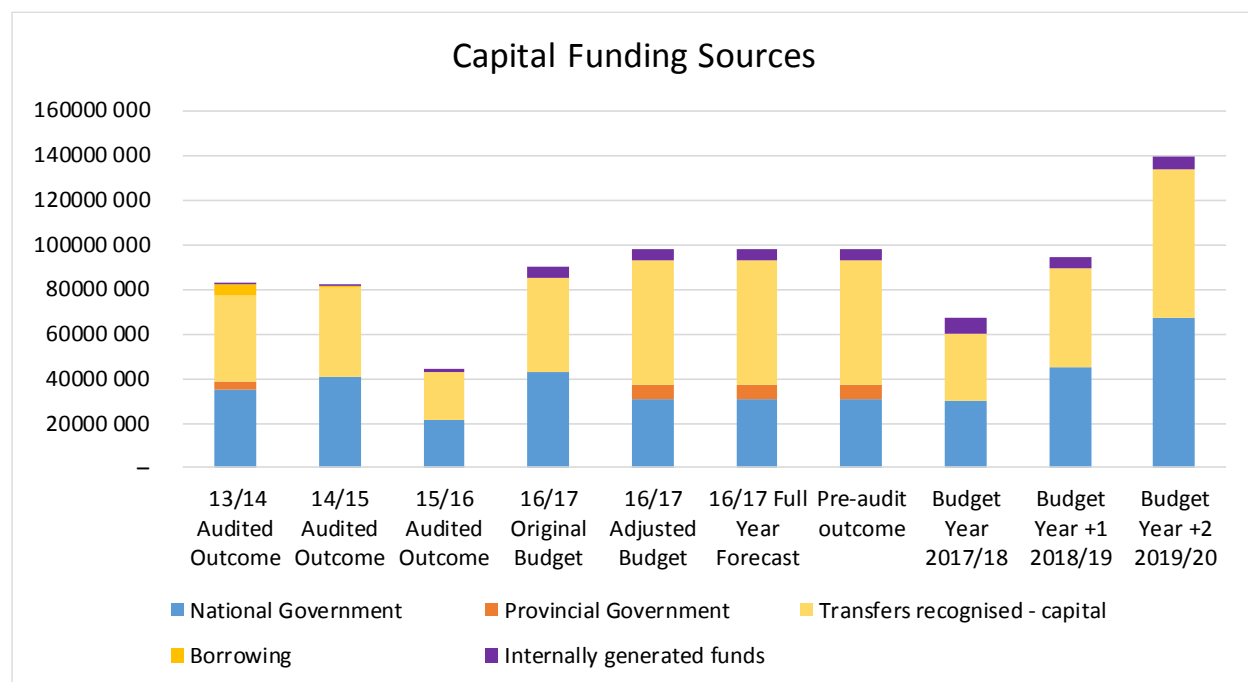
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

**Table 35 Sources of capital revenue over the MTREF**

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funded by:</b>										
National Government	34 743	40 424	21 575	42 547	31 018	31 018	31 018	29 887	44 809	66 874
Provincial Government	3 708	-	-	-	6 495	6 495	6 495	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>38 450</b>	<b>40 424</b>	<b>21 575</b>	<b>42 547</b>	<b>37 513</b>	<b>37 513</b>	<b>37 513</b>	<b>29 887</b>	<b>44 809</b>	<b>66 874</b>
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	5 493	386	-	-	-	-	-	-	-	-
Internally generated funds	138	996	1 400	4 812	4 959	4 959	4 959	7 349	4 773	5 650
<b>Total Capital Funding</b>	<b>44 081</b>	<b>41 806</b>	<b>22 974</b>	<b>47 359</b>	<b>42 473</b>	<b>42 473</b>	<b>42 473</b>	<b>37 236</b>	<b>49 582</b>	<b>72 524</b>

The above table is graphically represented as follows for the 2017/18 financial year.

**Figure 8 Sources of capital revenue for the 2017/2018 financial year**

Capital grants and receipts equates to 81.9% of the total funding source which represents R29.88 million for the 2017/18 financial year and remains the only source of funding for capital over the MTREF.

As already alluded to in the preceding report, the municipality does not intend to raise capital through borrowing over the entire MTREF due to the fact that it is unaffordable considering the current financial status.

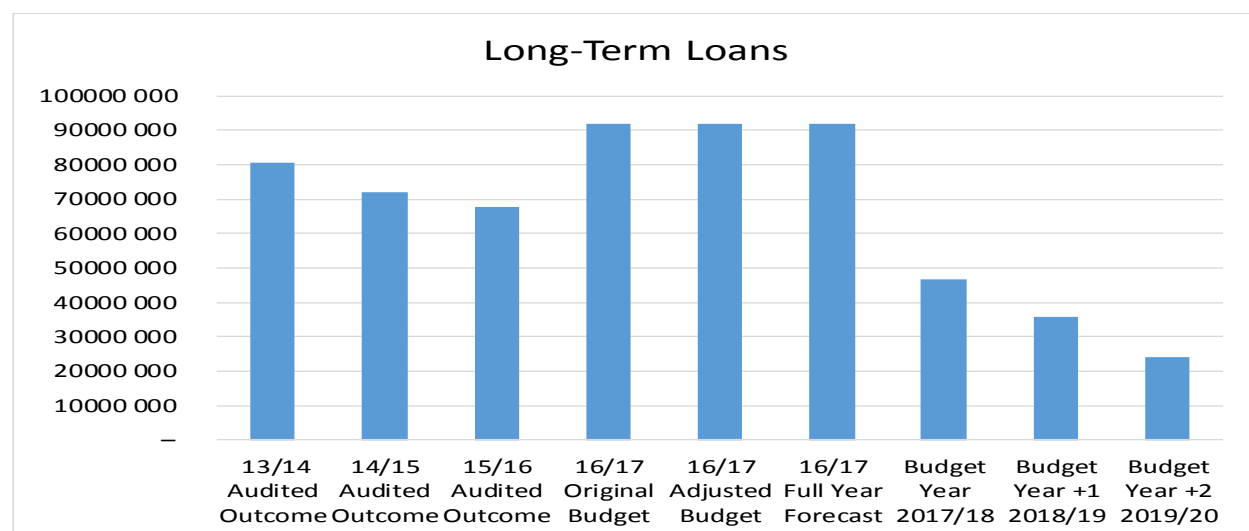
The following table is a detailed analysis of Oudtshoorn Municipality's current borrowing liability.

**Table 36 MBRR Table SA 17 - Detail of borrowings**

**WC045 Oudtshoorn - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		80 588	72 029	67 737	91 822	91 822	91 822	46 775	35 835	23 959
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	80 588	72 029	67 737	91 822	91 822	91 822	46 775	35 835	23 959
<b>Entities</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	80 588	72 029	67 737	91 822	91 822	91 822	46 775	35 835	23 959

The following graph illustrates the growth and decline in outstanding borrowing for the 2013/14 to 2019/20 period.



### Figure 9 Growth / Decline in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds are currently not a funding source and will only be utilised as a funding option once the financial recovery is complete. It should then be used conservatively going forward as the municipality needs to build reserves to fund future capital requirements.

**Table 37 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Capital Transfers and Grants										
National Government:		39 373	34 000	43 729	48 504	35 223	35 223	35 062	52 120	77 236
Municipal infrastructure grant		18 374	19 937	23 638	20 256	25 106	25 106	22 062	23 120	24 236
Regional Bulk Infrastructure Grant		17 999	10 063	10 991	20 248	–	–	–	20 000	40 000
Integrated national electrification programme (municipal) grant		3 000	4 000	6 000	8 000	9 137	9 137	3 000	9 000	13 000
Energy efficiency and demand side management grant		–	–	3 000	–	881	881	–	–	–
Local Government Financial Management Grant		–	–	100	–	100	100	–	–	–
Water Services Infrastructure Grant		–	–	–	–	–	–	10 000	–	–
								–	–	–
Provincial Government:		50	–	4 870	–	7 302	7 302	–	–	–
Other capital transfers/grants [insert description]								–	–	–
Provincial Sports Grant		50	–	–	–	144	144	–	–	–
Military Sports Academy		–	–	–	–	88	88	–	–	–
Water Supply and Drought Relief Grant		–	–	970	–	970	970	–	–	–
Augmentation of water supply Grant		–	–	1 900	–	1 900	1 900	–	–	–
Supply for Drought Relief Interventions		–	–	2 000	–	2 000	2 000	–	–	–
Fire Services Capacity Building Grant		–	–	–	–	1 200	1 200	–	–	–
Municipal Drought Relief Grant		–	–	–	–	1 000	1 000	–	–	–
		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	39 423	34 000	48 599	48 504	42 525	42 525	35 062	52 120	77 236

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;



- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 38 MBRR Table A 7 – Budgeted Cash flows****WC045 Oudtshoorn - Table A7 Budgeted Cash Flows**

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			50 065	57 595	62 589	71 152	72 589	72 589	72 589	81 183	86 866	92 946
Service charges			225 539	251 406	269 076	349 981	333 475	333 475	333 475	350 918	378 796	403 022
Other revenue			35 848	34 137	42 693	49 581	53 617	53 617	53 617	54 358	57 568	60 916
Government - operating	1		85 920	85 615	69 057	99 807	74 882	74 882	74 882	108 062	96 095	81 022
Government - capital	1		40 421	44 267	25 213	48 504	42 875	42 875	42 875	35 062	52 120	77 236
Interest			9 090	9 416	10 565	8 923	8 811	8 811	8 811	9 360	10 066	10 780
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(406 395)	(477 961)	(368 425)	(581 296)	(524 647)	(524 647)	(524 647)	(585 846)	(603 662)	(621 139)
Finance charges			(14 545)	(12 142)	(17 921)	(7 879)	(7 879)	(7 879)	(7 879)	(6 929)	(6 090)	(5 154)
Transfers and Grants	1		(1 319)	(485)	(522)	(1 500)	(1 500)	(1 500)	(1 500)	(850)	(900)	(952)
NET CASH FROM/(USED) OPERATING ACTIVITIES			24 624	(8 152)	92 323	37 273	52 223	52 223	52 223	45 318	70 859	98 678
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			112	-	29	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	8 443	(1 044)	-	-	-	-	-	-	-
Payments												
Capital assets			(44 081)	(46 506)	(22 974)	(47 359)	(42 875)	(42 875)	(42 875)	(37 236)	(49 582)	(72 524)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(43 969)	(38 063)	(23 989)	(47 359)	(42 875)	(42 875)	(42 875)	(37 236)	(49 582)	(72 524)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			124	(3 514)	9 826	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			585	538	516	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			(11 675)	(11 169)	(11 458)	(9 504)	(9 504)	(9 504)	(9 504)	(10 101)	(10 940)	(11 876)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(10 966)	(14 145)	(1 117)	(9 504)	(9 504)	(9 504)	(9 504)	(10 101)	(10 940)	(11 876)
NET INCREASE/ (DECREASE) IN CASH HELD			(30 311)	(60 360)	67 217	(19 591)	(156)	(156)	(156)	(2 018)	10 336	14 278
Cash/cash equivalents at the year begin:	2		42 919	12 822	(47 538)	(47 538)	19 679	19 679	19 679	29 924	27 906	38 242
Cash/cash equivalents at the year end:	2		12 608	(47 538)	19 679	(67 129)	19 523	19 523	19 523	27 906	38 242	52 521

## 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Oudtshoorn municipality is in non-compliance with section 18 because there is a deficit which indicates that the annual budget is not appropriately funded. As already reiterated in the report, the financial turnaround of the municipality is dependent on a combination of factors which include raising of tariffs to cover operational cost, the implementation of savings measures in all areas, limiting of spending in respect of non-essentials, and ensuring value for money procurement. The MTREF shows a decrease in the deficit over the three years and it is very important that this be changed to the generation of a surplus after the conclusion of the MTREF (3 year budget cycle).

**Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

WC045 Oudtshoorn - Table A8 Cash backed reserves/accumulated surplus reconciliation

Table 10: Cash and investments 2016/17 accumulated surplus/deficit information											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	12 608	(47 538)	19 679	(67 129)	19 523	19 523	19 523	27 906	38 242	52 521
Other current investments > 90 days		(0)	(0)	0	74 629	(8 523)	(8 523)	(8 523)	0	0	(5 872)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>12 608</b>	<b>(47 538)</b>	<b>19 679</b>	<b>7 500</b>	<b>11 000</b>	<b>11 000</b>	<b>11 000</b>	<b>27 906</b>	<b>38 242</b>	<b>46 649</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		10 179	6 331	17 634	25 000	25 000	25 000	25 000	7 500	5 000	3 000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(23 417)	(14 048)	51 715	5 992	16 616	16 616	16 616	(6 222)	4 765	16 342
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>(13 237)</b>	<b>(7 717)</b>	<b>69 350</b>	<b>30 992</b>	<b>41 616</b>	<b>41 616</b>	<b>41 616</b>	<b>1 278</b>	<b>9 765</b>	<b>19 342</b>
<b>Surplus(shortfall)</b>		<b>25 846</b>	<b>(39 821)</b>	<b>(49 670)</b>	<b>(23 492)</b>	<b>(30 616)</b>	<b>(30 616)</b>	<b>(30 616)</b>	<b>26 628</b>	<b>28 477</b>	<b>27 307</b>

From the above table it can be seen that there is still no unencumbered cash and investments available for the financial year or the MTREF.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

It can be concluded that Oudtshoorn Municipality still has a cash deficit over the MTREF and that barely sufficient funds will be available for operations. The challenge for Oudtshoorn Municipality

will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

## 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 40 MBRR SA10 – Funding compliance measurement**

WC045 Oudtshoorn Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	12 608	(47 538)	19 679	(67 129)	19 523	19 523	19 523	27 906	38 242	52 521
Cash + investments at the yr end less applications - R'000	18(1)b	2	25 846	(39 821)	(49 670)	(23 492)	(30 616)	(30 616)	(30 616)	26 628	28 477	27 307
Cash year end/monthly employee/supplier payments	18(1)b	3	0.4	(1.4)	0.5	(1.7)	0.5	0.5	0.5	0.7	0.9	1.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(17 426)	(15 072)	(42 335)	37 273	21 265	21 265	21 265	(10 762)	10 474	33 491
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	6.1%	1.3%	21.0%	(5.6%)	(6.0%)	(6.0%)	(0.7%)	1.8%	0.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	98.0%	90.2%	98.6%	98.2%	95.1%	95.1%	95.1%	96.1%	96.1%	96.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	5.8%	3.8%	15.1%	6.0%	6.0%	6.0%	6.0%	5.5%	5.4%	5.4%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	111.2%	100.0%	100.0%	100.9%	100.9%	100.9%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	2.2%	(254.2%)	702.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(dec)	18(1)a	11	N.A.	14.0%	(50.1%)	27.1%	(17.1%)	0.0%	0.0%	(17.3%)	(30.4%)	(45.9%)
Long term receivables % change - inc/(dec)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.7%	5.2%	1.4%	2.0%	1.8%	1.8%	2.4%	2.5%	2.5%	2.5%
Asset renewal % of capital budget	20(1)(vi)	14	98.9%	97.8%	99.9%	73.2%	69.2%	69.2%	0.0%	80.3%	90.4%	86.6%

### 2.6.5.1 Cash/cash equivalent position

Oudtshoorn Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements. In the case of Oudtshoorn this remains negative over the entire MTREF

### 2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of Oudtshoorn Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The Municipality needs to achieve at least three month's cash coverage in the medium term, and then gradually move towards five months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA

compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

*2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. Oudtshoorn Municipality has budgeted for all transfers.

*2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

*2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

*2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 41 MBRR SA19 - Expenditure on transfers and grant programs**

WC045 Oudtshoorn - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		55 727	50 445	58 057	62 617	62 467	62 467	67 144	70 442	74 470
Local Government Equitable Share		45 958	46 541	54 372	58 194	58 194	58 194	62 683	67 877	72 405
Finance Management		1 169	1 581	1 350	1 475	1 375	1 375	1 550	1 805	2 065
Municipal Systems Improvement		890	934	930	-	-	-	-	760	-
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy		5 460	189	-	-	-	-	-	-	-
Expanded public works programme integrated grant for municipalities		1 800	700	1 405	2 448	2 448	2 448	2 911	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
Municipal infrastructure grant		450	500	500	500	450	450	-	-	-
<b>Provincial Government:</b>		25 740	36 344	9 601	37 190	12 676	12 676	40 918	25 653	6 552
Human Settlement Development Grant		18 464	32 267	-	31 955	-	-	35 066	19 640	-
Housing Consumer Education Grant		-	-	-	-	29	29	-	-	-
Emergency Housing Grant		-	-	-	-	1 406	1 406	-	-	-
Maintenance & Construction of Road Infrastructure		108	-	96	-	-	-	-	-	-
Cleaning of Maturation Ponds		-	207	-	-	-	-	-	-	-
- CDW Operational Grant		66	70	72	56	124	124	56	56	56
Libraries Services Conditional Grant		738	3 150	4 222	4 943	4 943	4 943	5 338	5 597	5 916
Public Transport Facilities		-	-	-	116	116	116	118	-	-
Performance Management Grant		-	200	-	-	200	200	-	-	-
Municipal Financial Management Support Grant		75	-	2 461	-	2 859	2 859	-	-	-
Municipal Infrastructure Support Grant		-	450	1 000	-	178	178	-	-	-
Western Cape Financial management capacity building grant		-	-	500	120	461	461	240	360	480
Municipal Building Grant and Repair Grant		-	-	500	-	-	-	-	-	-
Municipal Finance Improvement Grant		1 017	-	750	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
Municipal Service Delivery and Capacity Building Grant		5 153	-	-	-	2 300	2 300	-	-	-
Local Government Graduate Internship Grant		120	-	-	-	60	60	-	-	-
Thusong Service Centre Grant		-	-	-	-	-	-	100	-	100
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		450	22	122	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Chieta Grant		-	-	122	-	-	-	-	-	-
LG Seta		330	22	-	-	-	-	-	-	-
Standard Bank Sports Development		120	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		101 292	86 811	67 780	99 807	75 143	75 143	108 062	96 095	81 022

**Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

WC045 Oudtshoorn - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		55 858	51 832	58 476	62 617	62 467	62 467	67 144	70 442	74 470
<b>Conditions met - transferred to revenue</b>		55 858	51 832	58 476	62 617	62 467	62 467	67 144	70 442	74 470
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		25 740	36 102	8 799	37 190	12 676	12 676	40 918	25 653	6 552
<b>Conditions met - transferred to revenue</b>		25 740	36 102	8 799	37 190	12 676	12 676	40 918	25 653	6 552
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts		330	242							
<b>Conditions met - transferred to revenue</b>		330	242	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		81 927	88 176	67 275	99 807	75 143	75 143	108 062	96 095	81 022
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	9 724	9 724	35 062	52 120	77 236
Current year receipts		39 373	34 500	44 129	48 504	35 223	35 223			
<b>Conditions met - transferred to revenue</b>		39 373	34 500	44 129	48 504	44 947	44 947	35 062	52 120	77 236
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year					-	7 302	7 302	-	-	-
Current year receipts		50		5 870	-	-	-			
<b>Conditions met - transferred to revenue</b>		50	-	5 870	-	7 302	7 302	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		39 423	34 500	49 999	48 504	52 249	52 249	35 062	52 120	77 236
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		121 351	122 676	117 274	148 311	127 391	127 391	143 124	148 215	158 258

## 2.8 Councillor and employee benefits

**Table 43 MBRR SA22 - Summary of councillors and staff benefits**

WC045 Oudtshoorn - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		5 454	5 866	4 650	6 664	6 664	6 664	6 590	7 425	7 945
Pension and UIF Contributions		317	252	65	45	334	334	751	803	860
Medical Aid Contributions		90	115	135	-	-	-	107	114	122
Motor Vehicle Allowance		1 826	1 937	1 457	2 221	1 989	1 989	2 171	2 368	2 534
Cellphone Allowance		596	563	367	597	629	629	581	622	665
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		53	48	69	95	51	51	-	-	-
<b>Sub Total - Councillors</b>		<b>8 336</b>	<b>8 783</b>	<b>6 742</b>	<b>9 622</b>	<b>9 668</b>	<b>9 668</b>	<b>10 200</b>	<b>11 332</b>	<b>12 125</b>
<b>% increase</b>	4		<b>5.4%</b>	<b>(23.2%)</b>	<b>42.7%</b>	<b>0.5%</b>	<b>-</b>	<b>5.5%</b>	<b>11.1%</b>	<b>7.0%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		2 408	2 408	1 913	5 808	5 808	5 808	7 877	8 429	9 019
Pension and UIF Contributions		4	4	2	1 073	1 073	1 073	161	172	185
Medical Aid Contributions		60	60	36	200	200	200	83	89	95
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	168	168	140	-	-	-	1 241	1 328	1 421
Cellphone Allowance	3	12	12	11	-	-	-	472	505	540
Housing Allowances	3	72	72	60	-	-	-	271	290	310
Other benefits and allowances	3	26	26	5	115	115	115	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>2 750</b>	<b>2 750</b>	<b>2 166</b>	<b>7 195</b>	<b>7 195</b>	<b>7 195</b>	<b>10 105</b>	<b>10 813</b>	<b>11 570</b>
<b>% increase</b>	4		<b>-</b>	<b>(21.2%)</b>	<b>232.2%</b>	<b>-</b>	<b>-</b>	<b>40.4%</b>	<b>7.0%</b>	<b>7.0%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		103 600	105 163	112 570	120 710	123 704	123 704	124 055	132 173	141 397
Pension and UIF Contributions		14 645	13 621	12 398	18 185	17 467	17 467	24 237	26 007	27 827
Medical Aid Contributions		7 194	8 184	10 192	10 367	10 442	10 442	18 486	19 780	21 164
Overtime		5 725	9 193	10 148	4 240	7 786	7 786	4 630	5 006	5 302
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	4 372	4 735	3 672	4 169	4 428	4 428	3 707	3 881	4 067
Cellphone Allowance	3	884	1 094	3 893	435	896	896	371	349	362
Housing Allowances	3	743	835	1 738	1 035	1 703	1 703	1 363	1 448	1 541
Other benefits and allowances	3	20 449	32 062	31 980	25 629	30 466	30 466	27 389	29 226	31 128
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>157 612</b>	<b>174 887</b>	<b>186 591</b>	<b>184 770</b>	<b>196 892</b>	<b>196 892</b>	<b>204 239</b>	<b>217 869</b>	<b>232 788</b>
<b>% increase</b>	4		<b>11.0%</b>	<b>6.7%</b>	<b>(1.0%)</b>	<b>6.6%</b>	<b>-</b>	<b>3.7%</b>	<b>6.7%</b>	<b>6.8%</b>
<b>Total Parent Municipality</b>		<b>168 697</b>	<b>186 419</b>	<b>195 500</b>	<b>201 588</b>	<b>213 755</b>	<b>213 755</b>	<b>224 543</b>	<b>240 013</b>	<b>256 483</b>

**Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**



<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Ref</b>	<b>No.</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>In-kind benefits</b>	<b>Total Package</b>
<b>Rand per annum</b>				<b>1.</b>				<b>2.</b>
<b>Councillors</b>	3							
Speaker	4		423 621	28 589	160 033			612 244
Chief Whip			-	-	-			-
Executive Mayor			450 157	106 075	169 455			725 688
Deputy Executive Mayor			455 194	37 885	160 033			653 112
Executive Committee			2 021 036	224 628	630 710			2 876 374
Total for all other councillors			2 616 433	279 401	1 035 228			3 931 062
<b>Total Councillors</b>	8	-	<b>5 966 441</b>	<b>676 579</b>	<b>2 155 460</b>			<b>8 798 480</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 359 681	211 762	304 686	233 011		2 109 140
Chief Finance Officer			1 182 824	45 549	257 292	201 616		1 687 281
Director Corporate Services			1 395 008	12 944	45 108	201 616		1 654 676
Director Strategic Services			1 046 256	9 708	33 831	151 212		1 241 007
Director Community Services			1 395 008	12 944	45 108	201 616		1 654 676
Director Technical Services			1 395 008	12 944	45 108	201 616		1 654 676
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	<b>7 773 785</b>	<b>305 851</b>	<b>731 133</b>	<b>1 190 689</b>		<b>10 001 458</b>

WC045 Oudtshoorn - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			25	–	25	25	–	25	25	–	25
Board Members of municipal entities	4		–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>	5		–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3		5	–	2	13	3	–	13	3	–
Other Managers	7		23	23	4	31	22	–	31	22	–
Professionals			88	79	3	34	16	1	34	16	1
Finance			43	39	3	12	8	–	12	8	–
Spatial/town planning			5	4	–	–	–	–	–	–	–
Information Technology			1	1	–	3	–	–	3	–	–
Roads			4	4	–	–	–	–	–	–	–
Electricity			6	5	–	–	–	–	–	–	–
Water			7	6	–	–	–	1	–	–	1
Sanitation			1	1	–	–	–	–	–	–	–
Refuse			1	1	–	–	–	–	–	–	–
Other			20	18	–	19	8	–	19	8	–
Technicians			37	22	14	50	31	2	50	31	2
Finance			1	1	1	–	–	–	–	–	–
Spatial/town planning			4	3	3	2	1	–	2	1	–
Information Technology			2	1	1	2	1	1	2	1	1
Roads			10	6	–	6	4	–	6	4	–
Electricity			14	7	9	8	5	–	8	5	–
Water			6	4	–	10	5	1	10	5	1
Sanitation			–	–	–	19	12	–	19	12	–
Refuse			–	–	–	3	3	–	3	3	–
Other			–	–	–	–	–	–	–	–	–
Clerks (Clerical and administrative)			161	158	45	127	77	50	127	77	50
Service and sales workers			–	–	–	47	31	–	47	31	–
Skilled agricultural and fishery workers			–	–	–	–	–	–	–	–	–
Craft and related trades			–	–	–	–	–	–	–	–	–
Plant and Machine Operators			157	142	–	66	32	–	66	32	–
Elementary Occupations			319	266	–	471	336	238	471	336	238
<b>TOTAL PERSONNEL NUMBERS</b>		9	<b>815</b>	<b>602</b>	<b>93</b>	<b>864</b>	<b>548</b>	<b>316</b>	<b>864</b>	<b>548</b>	<b>316</b>

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**Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure****WC045 Oudtshoorn - Supporting Table SA25 Budgeted monthly revenue and expenditure**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue By Source																
Property rates		83 694	–	–	–	–	–	–	–	–	–	–	–	83 694	89 552	95 821
Service charges - electricity revenue		21 679	21 808	19 773	18 893	19 912	17 632	20 487	21 614	16 934	22 579	22 579	5 645	229 535	243 078	257 176
Service charges - water revenue		5 651	5 302	6 208	2 857	5 378	6 445	10 301	26 327	1 407	1 407	1 407	–	72 691	84 375	91 595
Service charges - sanitation revenue		35 700	–	–	–	–	–	–	–	–	–	–	–	35 700	37 807	40 000
Service charges - refuse revenue		23 845	–	–	–	–	–	–	–	–	–	–	–	23 845	25 252	26 716
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		166	168	211	164	155	150	178	112	112	112	56	56	1 638	1 737	1 840
Interest earned - external investments		158	210	179	–	280	–	283	411	411	411	206	206	2 757	3 267	3 778
Interest earned - outstanding debtors		579	576	598	528	667	292	287	394	794	794	397	697	6 604	6 799	7 002
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		66	466	165	259	167	350	336	2 522	2 522	2 522	1 261	1 261	11 896	12 598	13 329
Licences and permits		265	2 026	1 420	1 795	1 643	1 187	1 444	2 104	2 104	2 104	1 052	1 052	18 196	19 270	20 387
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		24 313	466	165	686	9 002	18 805	407	–	15 680	15 680	7 840	15 020	108 062	96 095	81 022
Other revenue		1 103	1 547	1 695	2 417	2 670	1 652	3 315	2 057	2 057	2 057	1 029	1 030	22 627	23 964	25 360
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		197 219	32 570	30 414	27 598	39 873	46 511	37 038	55 541	42 021	47 666	35 826	24 966	617 245	643 793	664 026
Expenditure By Type																
Employee related costs		16 161	16 156	16 385	16 500	24 305	17 277	17 408	17 408	18 000	18 108	18 208	18 429	214 344	228 681	244 358
Remuneration of councillors		823	823	823	823	823	823	823	983	893	893	893	1 173	10 591	11 332	12 125
Debt impairment		–	–	–	–	–	–	146	–	8 079	8 079	8 079	–	24 382	25 853	27 391
Depreciation & asset impairment		2 041	2 041	2 041	2 041	2 041	2 041	2 041	2 041	2 041	2 041	2 041	2 041	24 491	26 950	29 645
Finance charges		–	–	–	–	–	3 464	–	–	–	–	–	3 464	6 929	6 090	5 154
Bulk purchases		13 989	17 989	17 273	10 346	10 445	10 362	10 315	10 029	10 029	10 029	13 566	20 706	155 080	164 221	173 736
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		2 205	2 638	1 096	3 247	2 672	2 275	2 090	2 778	2 778	2 778	2 778	2 820	30 155	31 752	33 516
Transfers and subsidies		5	4	47	253	23	125	3	14	126	126	126	–	850	900	952
Other expenditure		16 127	10 584	16 183	13 159	7 367	17 778	7 312	12 415	20 917	20 917	20 917	32 571	196 248	189 660	180 893
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		51 350	50 234	53 847	46 368	47 675	54 145	40 137	45 668	62 863	62 970	66 607	81 205	663 069	685 439	707 771
Surplus/(Deficit)		145 869	(17 664)	(23 432)	(18 769)	(7 802)	(7 634)	(3 099)	9 873	(20 841)	(15 304)	(30 781)	(56 239)	(45 824)	(41 646)	(43 745)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24 247	–	–	427	335	9 895	71	88	–	–	–	–	35 062	52 120	77 236
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		170 116	(17 664)	(23 432)	(18 343)	(7 467)	2 261	(3 028)	9 961	(20 841)	(15 304)	(30 781)	(56 239)	(10 762)	10 474	33 491
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	170 116	(17 664)	(23 432)	(18 343)	(7 467)	2 261	(3 028)	9 961	(20 841)	(15 304)	(30 781)	(56 239)	(10 762)	10 474	33 491

**Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)****WC045 Oudtshoorn - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - Vote 1 - Executive & Council		25 117	1 718	1 108	1 473	5 500	–	1 313	2 400	2 100	–	340	846	41 914	66 077	89 517
Vote 2 - Vote 2 - Municipal Manager		900	1 100	1 120	1 230	1 000	2 600	2 300	2 057	2 057	1 700	1 029	674	17 767	18 812	19 900
Vote 3 - Corporate Services					240								–	240	360	480
Vote 4 - Financial Services		83 694	–	–	0	–	–	–	–	–	–	–	1 550	85 244	92 117	97 886
Vote 5 - Vote 5 - Community and Public Safety		24 275	6 000	6 300	21 959	1 798	10 336	1 622	2 216	22 160	2 216	1 108	4 420	104 410	92 914	77 618
Vote 6 - Vote 6 - Technical Services		87 278	27 111	25 981	22 177	45 625	33 971	30 858	40 000	18 342	23 987	23 987	23 417	402 732	425 632	455 862
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>		<b>221 264</b>	<b>35 928</b>	<b>34 509</b>	<b>47 079</b>	<b>53 923</b>	<b>46 907</b>	<b>36 093</b>	<b>46 673</b>	<b>44 659</b>	<b>27 902</b>	<b>26 463</b>	<b>30 907</b>	<b>652 307</b>	<b>695 913</b>	<b>741 262</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Vote 1 - Executive & Council		3 206	4 199	4 206	4 006	8 206	8 206	2 206	2 206	1 206	3 206	8 206	21 105	70 166	74 011	78 036
Vote 2 - Vote 2 - Municipal Manager		1 968	1 938	2 568	2 868	1 868	2 918	2 868	3 868	3 868	3 868	2 868	5 945	37 408	38 498	40 966
Vote 3 - Corporate Services		875	1 059	1 379	1 239	1 279	2 079	3 079	2 079	2 479	2 079	2 239	5 830	25 691	27 588	29 422
Vote 4 - Financial Services		3 520	3 411	3 521	2 321	3 521	3 121	2 521	3 523	3 521	3 521	3 521	3 366	39 389	43 233	45 176
Vote 5 - Vote 5 - Community and Public Safety		14 988	12 959	14 988	9 991	9 988	13 988	12 270	13 988	17 988	16 988	14 988	28 058	181 181	174 151	165 559
Vote 6 - Vote 6 - Technical Services		26 793	26 558	27 185	25 943	24 193	24 833	23 193	24 193	26 193	26 193	24 193	29 760	309 235	327 958	348 612
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>		<b>51 350</b>	<b>50 124</b>	<b>53 847</b>	<b>46 368</b>	<b>49 055</b>	<b>55 145</b>	<b>46 137</b>	<b>49 857</b>	<b>55 255</b>	<b>55 855</b>	<b>56 015</b>	<b>94 064</b>	<b>663 069</b>	<b>685 439</b>	<b>707 771</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>169 914</b>	<b>(14 195)</b>	<b>(19 338)</b>	<b>711</b>	<b>4 869</b>	<b>(8 237)</b>	<b>(10 043)</b>	<b>(3 184)</b>	<b>(10 596)</b>	<b>(27 953)</b>	<b>(29 552)</b>	<b>(63 157)</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>169 914</b>	<b>(14 195)</b>	<b>(19 338)</b>	<b>711</b>	<b>4 869</b>	<b>(8 237)</b>	<b>(10 043)</b>	<b>(3 184)</b>	<b>(10 596)</b>	<b>(27 953)</b>	<b>(29 552)</b>	<b>(63 157)</b>	<b>(10 762)</b>	<b>10 474</b>	<b>33 491</b>

Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

## WC045 Oudtshoorn - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>																
<b>Governance and administration</b>		37 713	3 713	10 913	6 313	16 013	15 713	8 713	7 713	28 713	3 713	3 513	2 418	145 165	177 367	207 783
Executive and council		12 739	2 739	739	5 739	739	8 739	5 739	3 739	11 739	2 739	2 739	1 554	59 681	84 889	109 416
Finance and administration		24 974	974	10 174	574	15 274	6 974	2 974	3 974	16 974	974	774	864	85 484	92 477	98 366
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		482	532	562	476	518	1 082	1 232	547	847	547	438	35 425	42 686	27 547	8 460
Community and social services		400	350	380	294	336	800	950	365	665	365	256	277	5 438	5 597	6 016
Sport and recreation		82	182	182	182	182	282	282	182	182	182	182	82	2 182	2 310	2 444
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	35 066	35 066	19 640	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		21 000	-	-	-	-	16 000	-	-	18 013	-	-	(0)	55 013	54 807	57 761
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		21 000	-	-	-	-	16 000	-	-	18 013	-	-	(0)	55 013	54 807	57 761
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		109 996	22 940	26 940	27 940	27 940	27 940	27 940	27 940	27 940	27 940	27 940	26 048	409 444	436 192	467 258
Energy sources		20 750	19 750	18 750	19 750	19 750	19 750	19 750	19 750	19 750	19 750	19 750	22 750	239 997	259 943	278 461
Water management		26 890	1 997	6 997	6 997	6 997	6 997	6 997	6 997	6 997	6 997	6 997	2 104	93 963	96 312	104 224
Waste water management		33 000	971	971	971	971	971	971	971	971	971	971	971	43 681	46 257	48 940
Waste management		29 356	222	222	222	222	222	222	222	222	222	222	222	31 803	33 679	35 633
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>		169 191	27 185	38 415	34 729	44 471	60 735	37 885	36 200	75 513	32 200	31 891	63 890	652 307	695 913	741 262
<b>Expenditure - Functional</b>																
<b>Governance and administration</b>		9 569	10 606	11 673	10 433	18 726	16 323	10 673	11 675	11 073	12 673	16 833	17 023	157 283	168 294	177 607
Executive and council		5 174	6 137	6 774	6 874	10 074	11 124	5 074	6 074	5 074	7 074	11 074	11 950	92 473	97 723	103 247
Finance and administration		4 395	4 470	4 900	3 560	8 652	5 200	5 600	5 602	6 000	5 600	5 760	5 074	64 810	70 571	74 361
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		8 920	7 712	8 920	5 946	5 944	8 325	7 302	8 325	10 705	10 110	8 920	16 698	107 825	97 860	83 992
Community and social services		2 808	2 428	2 808	1 872	1 871	2 621	2 299	2 621	3 370	3 183	2 808	5 257	33 944	36 942	39 773
Sport and recreation		1 822	1 575	1 822	1 214	1 214	1 700	1 491	1 700	2 186	2 065	1 822	3 410	22 022	23 868	25 758
Public safety		627	542	627	418	418	585	513	585	752	710	627	1 173	7 575	7 421	7 883
Housing		3 663	3 167	3 663	2 442	2 441	3 419	2 999	3 419	4 397	4 152	3 663	6 858	44 284	29 629	10 578
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		8 046	7 156	7 404	6 793	6 793	7 282	7 072	7 282	7 771	7 649	7 404	13 209	93 862	95 932	102 704
Planning and development		1 833	1 584	1 833	1 222	1 221	1 710	1 500	1 710	2 199	2 077	1 833	3 431	22 152	22 282	23 733
Road transport		6 213	5 572	5 572	5 572	5 572	5 572	5 572	5 572	5 572	5 572	5 572	9 778	71 710	73 650	78 971
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		25 937	25 710	26 317	25 114	23 420	24 040	22 452	23 420	25 356	25 356	23 420	28 809	299 351	318 346	338 183
Energy sources		16 541	16 396	16 783	16 016	14 936	15 331	14 319	14 936	16 171	16 171	14 936	18 373	190 909	205 412	217 653
Water management		3 313	3 284	3 362	3 208	2 992	3 071	2 868	2 992	3 239	3 239	2 992	3 680	38 238	40 317	42 980
Waste water management		3 528	3 497	3 579	3 416	3 185	3 270	3 054	3 185	3 449	3 449	3 185	3 918	40 714	43 294	46 129
Waste management		2 555	2 533	2 592	2 474	2 307	2 368	2 212	2 307	2 498	2 498	2 307	2 838	29 489	29 323	31 421
<b>Other</b>		411	408	417	398	371	381	356	371	402	402	371	457	4 747	5 007	5 285
<b>Total Expenditure - Functional</b>		52 882	51 592	54 731	48 685	55 254	56 351	47 856	51 073	55 308	56 191	56 949	76 196	663 069	685 439	707 771
<b>Surplus/(Deficit) before assoc.</b>		116 308	(24 407)	(16 316)	(13 956)	(10 783)	4 384	(9 971)	(14 873)	20 205	(23 990)	(25 058)	(12 306)	(10 762)	10 474	33 491
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	1	116 308	(24 407)	(16 316)	(13 956)	(10 783)	4 384	(9 971)	(14 873)	20 205	(23 990)	(25 058)	(12 306)	(10 762)	10 474	33 491

**Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

WC045 Oudtshoorn - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	50	50	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		50	50	500	-	-	125	500	125	25	125	125	275	1 900	1 500	1 650
Vote 5 - Vote 5 - Community and Public Safety		-	200	200	990	990	990	990	1 990	990	1 990	1 990	859	12 176	3 301	-
Vote 6 - Vote 6 - Technical Services		-	-	3 926	1 926	1 926	3 926	926	926	2 926	1 926	1 926	2 777	23 109	44 781	70 874
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	50	250	4 626	2 915	2 915	5 040	2 415	3 040	3 940	4 040	4 040	3 961	37 236	49 582	72 524
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	2	50	250	4 626	2 915	2 915	5 040	2 415	3 040	3 940	4 040	4 040	3 961	37 236	49 582	72 524

**Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

WC045 Oudtshoorn - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		50	50	500	-	-	125	500	125	25	125	125	325	1 950	1 500	1 650
Executive and council		-	-	-	-	-	-	-	-	-	-	-	50	50	-	-
Finance and administration		50	50	500	-	-	125	500	125	25	125	125	275	1 900	1 500	1 650
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	200	300	511	1 029	1 360	18	778	666	632	1 661	1 074	8 229	640	-
Community and social services		-	-	-	29	29	-	-	129	29	-	-	133	350	-	-
Sport and recreation		-	200	-	482	1 000	1 360	-	634	627	627	1 656	941	7 529	640	-
Public safety		-	-	300	-	-	-	18	14	9	4	4	0	350	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	718	900	0	1 418	-	-	418	418	418	725	5 014	7 298	4 543
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	718	900	0	1 418	-	-	418	418	418	725	5 014	7 298	4 543
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	3 108	1 504	1 886	2 137	1 897	2 137	2 831	2 866	1 837	1 840	22 043	40 145	66 331
Energy sources		-	-	1 658	-	500	869	-	869	1 569	-	569	796	6 831	12 483	15 872
Water management		-	-	1 450	992	900	756	1 385	756	933	950	756	194	9 072	20 175	41 668
Waste water management		-	-	-	183	486	183	183	183	-	587	183	206	2 193	4 825	8 791
Waste management		-	-	-	329	-	329	329	329	329	1 329	329	645	3 947	2 661	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	50	250	4 626	2 915	2 915	5 040	2 415	3 040	3 940	4 040	4 040	3 965	37 236	49 582	72 524
<b>Funded by:</b>																
National Government		50	-	2 968	2 365	2 915	5 040	1 565	3 040	1 073	4 040	3 490	3 341	29 887	44 809	66 874
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		50	-	2 968	2 365	2 915	5 040	1 565	3 040	1 073	4 040	3 490	3 341	29 887	44 809	66 874
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	250	1 658	550	-	-	850	-	2 867	-	550	624	7 349	4 773	5 650
<b>Total Capital Funding</b>		50	250	4 626	2 915	2 915	5 040	2 415	3 040	3 940	4 040	4 040	3 965	37 236	49 582	72 524

**Table 51 MBRR SA30 - Budgeted monthly cash flow****WC045 Oudtshoorn - Supporting Table SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash Receipts By Source</b>													1		
Property rates	5 281	7 939	11 008	8 201	5 244	5 263	4 474	4 934	5 475	5 272	4 992	13 100	81 183	86 866	92 946
Service charges - electricity revenue	20 488	21 877	20 433	19 821	16 399	14 505	14 691	16 862	17 724	17 542	18 875	23 431	222 649	235 785	249 461
Service charges - water revenue	3 521	4 886	6 398	5 828	6 800	7 235	7 044	7 170	7 356	5 343	4 306	4 622	70 510	81 844	88 847
Service charges - sanitation revenue	2 167	2 102	5 920	2 441	2 341	2 160	2 067	2 247	5 562	2 501	2 319	2 803	34 629	36 673	38 800
Service charges - refuse revenue	1 147	2 010	1 599	1 465	1 383	1 247	1 129	1 367	1 412	1 324	1 212	7 834	23 130	24 494	25 915
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	166	-	211	164	155	150	178	186	143	143	-	143	1 638	1 737	1 840
Interest earned - external investments	158	190	179	250	165	160	283	252	253	253	253	359	2 757	3 267	3 778
Interest earned - outstanding debtors	579	576	598	528	667	-	587	810	710	-	810	738	6 604	6 799	7 002
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	66	-	165	259	167	350	336	93	93	93	93	10 178	11 896	12 598	13 329
Licences and permits	2 065	1 106	1 420	1 195	1 142	1 287	1 457	1 967	1 267	1 367	1 167	2 759	18 196	19 270	20 387
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	29 036	22 148	209	-	2 753	22 205	402	1 716	26 016	1 716	1 716	148	108 062	96 095	81 022
Other revenue	1 103	3 183	1 694	1 364	4 173	2 593	1 593	1 593	1 593	1 593	1 593	554	22 627	23 964	25 360
<b>Cash Receipts by Source</b>	<b>65 776</b>	<b>66 018</b>	<b>49 835</b>	<b>41 515</b>	<b>41 389</b>	<b>57 154</b>	<b>34 241</b>	<b>39 197</b>	<b>67 605</b>	<b>37 146</b>	<b>37 335</b>	<b>66 668</b>	<b>603 881</b>	<b>629 391</b>	<b>648 687</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	6 756	2 000	2 000	-	-	11 711	-	2 200	2 200	2 200	2 200	3 795	35 062	52 120	77 236
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>72 532</b>	<b>68 018</b>	<b>51 835</b>	<b>41 515</b>	<b>41 389</b>	<b>68 865</b>	<b>34 241</b>	<b>41 397</b>	<b>69 805</b>	<b>39 346</b>	<b>39 535</b>	<b>70 463</b>	<b>638 943</b>	<b>681 511</b>	<b>725 923</b>
<b>Cash Payments by Type</b>															
Employee related costs	14 665	15 660	15 890	16 733	20 635	16 328	18 788	18 788	18 788	19 788	19 788	18 495	214 344	228 681	244 358
Remuneration of councillors	883	883	883	883	883	883	883	883	883	883	883	883	10 591	11 332	12 125
Finance charges	-	-	-	-	-	3 464	-	-	-	-	-	3 464	6 929	6 090	5 154
Bulk purchases - Electricity	19 688	19 688	10 688	10 688	10 688	9 688	9 688	9 688	10 688	11 688	11 688	17 688	152 260	161 243	170 595
Bulk purchases - Water & Sewer	-	-	1 000	44	-	-	-	-	-	-	-	1 776	2 820	2 978	3 141
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	1 513	2 513	3 513	2 513	2 513	2 513	2 513	3 513	2 513	2 513	2 513	1 513	30 155	31 752	33 516
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	120	-	-	125	-	200	120	-	-	285	850	900	952
Other expenditure	16 127	12 584	11 751	15 015	4 480	25 892	7 524	15 241	15 241	15 241	15 241	21 340	175 677	167 676	157 403
<b>Cash Payments by Type</b>	<b>52 876</b>	<b>51 328</b>	<b>43 844</b>	<b>45 875</b>	<b>39 198</b>	<b>58 893</b>	<b>39 396</b>	<b>48 313</b>	<b>48 233</b>	<b>50 113</b>	<b>50 113</b>	<b>65 444</b>	<b>593 625</b>	<b>610 652</b>	<b>627 245</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	50	250	4 626	2 915	2 915	5 040	2 415	3 040	3 940	4 040	4 040	3 965	37 236	49 582	72 524
Repayment of borrowing	-	-	-	-	-	5 050	-	-	-	-	-	5 050	10 101	10 940	11 876
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>52 926</b>	<b>51 578</b>	<b>48 470</b>	<b>48 790</b>	<b>42 113</b>	<b>68 983</b>	<b>41 811</b>	<b>51 353</b>	<b>52 173</b>	<b>54 153</b>	<b>54 153</b>	<b>74 459</b>	<b>640 961</b>	<b>671 175</b>	<b>711 644</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>19 606</b>	<b>16 440</b>	<b>3 365</b>	<b>(7 275)</b>	<b>(724)</b>	<b>(118)</b>	<b>(7 570)</b>	<b>(9 955)</b>	<b>17 632</b>	<b>(14 806)</b>	<b>(14 617)</b>	<b>(3 997)</b>	<b>(2 018)</b>	<b>10 336</b>	<b>14 278</b>
Cash/cash equivalents at the month/year begin:	29 924	49 530	65 970	69 335	62 060	61 337	61 219	53 649	43 694	61 326	46 520	31 902	29 924	27 906	38 242
Cash/cash equivalents at the month/year end:	49 530	65 970	69 335	62 060	61 337	61 219	53 649	43 694	61 326	46 520	31 902	27 906	27 906	38 242	52 521

## 2.10 Contracts having future budgetary implications

In terms of Oudtshoorn Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 2.11 Capital expenditure details

The following three tables present details of Oudtshoorn Municipality's capital expenditure program, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 52 MBRR SA 34a - Capital expenditure on new assets by asset class**

WC045 Oudtshoorn - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	11 895	11 895	11 895	4 499	3 273	8 090
Electrical Infrastructure		-	-	-	11 895	11 895	11 895	4 199	3 273	4 000
<i>HV Transmission Conductors</i>		-	-	-	11 895	11 895	11 895	4 199	3 273	4 000
Water Supply Infrastructure		-	-	-	-	-	-	300	-	4 090
<i>Distribution</i>		-	-	-	-	-	-	300	-	4 090
<b>Community Assets</b>		-	-	-	50	127	127	250	-	-
Community Facilities		-	-	-	-	-	-	50	-	-
<i>Testing Stations</i>		-	-	-	-	-	-	50	-	-
Sport and Recreation Facilities		-	-	-	50	127	127	200	-	-
<i>Outdoor Facilities</i>		-	-	-	50	127	127	200	-	-
<b>Intangible Assets</b>		140	175	-	-	-	-	-	-	-
Licences and Rights		140	175	-	-	-	-	-	-	-
<i>Computer Software and Applications</i>		140	175	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	561	840	840	1 500	1 500	1 650
Computer Equipment		-	-	-	561	840	840	1 500	1 500	1 650
<b>Furniture and Office Equipment</b>		106	761	28	-	-	-	350	-	-
Furniture and Office Equipment		106	761	28	-	-	-	350	-	-
<b>Machinery and Equipment</b>		-	-	-	201	230	230	450	-	-
Machinery and Equipment		-	-	-	201	230	230	450	-	-
<b>Transport Assets</b>		217	-	-	-	-	-	300	-	-
Transport Assets		217	-	-	-	-	-	300	-	-
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>464</b>	<b>936</b>	<b>28</b>	<b>12 707</b>	<b>13 092</b>	<b>13 092</b>	<b>7 349</b>	<b>4 773</b>	<b>9 740</b>



**Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

WC045 Oudtshoorn - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		37 175	39 078	17 987	31 697	26 507	26 507	22 558	44 169	62 784
Roads Infrastructure		7 683	5 768	3 516	4 247	11 784	11 784	5 014	7 298	4 543
Roads		7 683	5 768	3 516	4 247	11 784	11 784	5 014	7 298	4 543
Electrical Infrastructure		2 618	10 518	3 736	–	4 290	4 290	2 632	9 211	11 872
HV Transmission Conductors		2 618	10 518	3 736	–	4 290	4 290	2 632	9 211	11 872
Water Supply Infrastructure		20 150	18 729	2 905	17 761	5 149	5 149	8 772	20 175	37 578
Distribution		20 150	18 729	2 905	17 761	5 149	5 149	8 772	20 175	37 578
Sanitation Infrastructure		6 724	4 063	7 830	5 482	3 530	3 530	2 193	4 825	8 791
Waste Water Treatment Works		6 724	4 063	7 830	5 482	3 530	3 530	2 193	4 825	8 791
Solid Waste Infrastructure		–	–	–	4 206	1 754	1 754	3 947	2 661	–
Landfill Sites		–	–	–	4 206	1 754	1 754	3 947	2 661	–
Community Assets		4 520	1 732	3 824	2 956	2 874	2 874	7 329	640	–
Community Facilities		–	–	237	–	1 053	1 053	–	–	–
Fire/Ambulance Stations		–	–	–	–	1 053	1 053	–	–	–
Sport and Recreation Facilities		4 520	1 732	3 587	2 956	1 821	1 821	7 329	640	–
Outdoor Facilities		4 520	1 732	3 587	2 956	1 821	1 821	7 329	640	–
Heritage assets		–	60	1 135	–	–	–	–	–	–
Other Heritage		–	60	1 135	–	–	–	–	–	–
Other assets		1 922	–	–	–	–	–	–	–	–
Operational Buildings		1 922	–	–	–	–	–	–	–	–
Municipal Offices		1 922	–	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing asset	1	43 617	40 870	22 946	34 653	29 381	29 381	29 887	44 809	62 784

**Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class**

WC045 Oudtshoorn - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
Infrastructure		12 880	29 232	6 802	9 543	9 207	9 207	11 978	12 152	12 870
Roads Infrastructure		3 688	18 352	3 051	3 349	3 253	3 253	3 831	4 109	4 358
Roads		3 688	18 352	3 051	3 349	3 253	3 253	3 831	4 109	4 358
Electrical Infrastructure		1 318	1 205	873	2 487	2 205	2 205	3 092	3 238	3 402
HV Transmission Conductors		1 318	1 205	873	2 487	2 205	2 205	3 092	3 238	3 402
Water Supply Infrastructure		2 741	3 559	1 625	1 949	2 043	2 043	3 222	2 958	3 199
Distribution		2 741	3 559	1 625	1 949	2 043	2 043	3 222	2 958	3 199
Sanitation Infrastructure		798	1 438	623	1 115	1 047	1 047	1 186	1 186	1 231
Waste Water Treatment Works		798	1 438	623	1 115	1 047	1 047	1 186	1 186	1 231
Solid Waste Infrastructure		4 335	4 679	630	643	659	659	647	663	680
Landfill Sites		4 335	4 679	630	643	659	659	647	663	680
Community Assets		1 155	1 566	1 075	1 428	1 081	1 081	1 801	2 223	2 614
Community Facilities		235	405	406	447	460	460	865	1 016	1 167
Halls		60	127	89	160	148	148	550	662	775
Fire/Ambulance Stations		112	103	211	133	175	175	140	145	147
Testing Stations		(2)	32	101	80	75	75	82	83	84
Libraries		(1)	48	5	16	5	5	18	26	36
Cemeteries/Crematoria		66	94	0	58	58	58	75	100	125
Sport and Recreation Facilities		920	1 161	670	982	622	622	936	1 207	1 448
Outdoor Facilities		920	1 161	670	982	622	622	936	1 207	1 448
Other assets		1 927	2 073	586	1 086	1 236	1 236	2 036	2 094	2 152
Operational Buildings		1 927	2 073	586	1 086	1 236	1 236	2 036	2 094	2 152
Municipal Offices		1 927	2 073	586	1 086	1 236	1 236	1 144	1 201	1 258
Workshops		-	-	-	-	-	-	892	893	894
Computer Equipment		96	171	116	149	149	149	165	175	185
Computer Equipment		96	171	116	149	149	149	165	175	185
Furniture and Office Equipment		11	14	21	31	28	28	197	199	202
Furniture and Office Equipment		11	14	21	31	28	28	197	199	202
Transport Assets		873	986	410	1 214	1 189	1 189	865	866	866
Transport Assets		873	986	410	1 214	1 189	1 189	865	866	866
Total Repairs and Maintenance Expenditure	1	16 943	34 043	9 009	13 451	12 891	12 891	17 042	17 709	18 889

**Table 55 MBRR SA34d - Depreciation by asset class**

WC045 Oudtshoorn - Supporting Table SA34d Depreciation by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		13 261	10 982	13 408	12 667	12 667	12 667	12 776	15 155	15 911
Roads Infrastructure		5 322	6 962	5 303	7 448	7 448	7 448	4 109	6 231	6 061
Roads		5 322	6 962	5 303	7 448	7 448	7 448	4 109	6 231	6 061
Electrical Infrastructure		1 748	1 369	1 521	1 226	1 226	1 226	3 092	3 238	3 402
HV Transmission Conductors		1 748	1 369	1 521	1 226	1 226	1 226	3 092	3 238	3 402
Water Supply Infrastructure		4 854	1 632	5 058	2 941	2 941	2 941	4 022	3 804	4 094
Distribution		4 854	1 632	5 058	2 941	2 941	2 941	4 022	3 804	4 094
Sanitation Infrastructure		940	871	936	981	981	981	1 038	1 100	1 167
Waste Water Treatment Works		940	871	936	981	981	981	1 038	1 100	1 167
Solid Waste Infrastructure		398	147	590	70	70	70	515	782	1 188
Landfill Sites		398	147	590	70	70	70	515	782	1 188
<b>Community Assets</b>		191	1 826	82	1 821	1 821	1 821	799	608	463
Community Facilities		120	101	50	49	49	49	27	18	12
Testing Stations		120	101	50	49	49	49	27	18	12
Sport and Recreation Facilities		71	1 726	32	1 772	1 772	1 772	772	590	451
Outdoor Facilities		71	1 726	32	1 772	1 772	1 772	772	590	451
<b>Heritage assets</b>		822	859	793	851	851	851	843	838	833
Conservation Areas		822	859	793	851	851	851	843	838	833
<b>Other assets</b>		6 002	5 672	4 963	6 934	6 934	6 934	10 073	10 349	12 439
Operational Buildings		6 002	5 672	4 963	6 934	6 934	6 934	10 073	10 349	12 439
Municipal Offices		6 002	5 672	4 963	6 934	6 934	6 934	10 073	10 349	12 439
<b>Total Depreciation</b>	1	20 276	19 340	19 246	22 273	22 273	22 273	24 491	26 950	29 645

**Table 56 MBRR SA35 - Future financial implications of the capital budget****WC045 Oudtshoorn - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Vote 1 - Executive & Council		-	-	-				
Vote 2 - Vote 2 - Municipal Manager		50	-	-				
Vote 3 - Corporate Services		-	-	-				
Vote 4 - Financial Services		1 900	1 500	1 650				
Vote 5 - Vote 5 - Community and Public Safety		12 176	3 301	-				
Vote 6 - Vote 6 - Technical Services		23 109	44 781	70 874				
Vote 7 - [NAME OF VOTE 7]		-	-	-				
Vote 8 - [NAME OF VOTE 8]		-	-	-				
Vote 9 - [NAME OF VOTE 9]		-	-	-				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		37 236	49 582	72 524	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Vote 1 - Executive & Council								
Vote 2 - Vote 2 - Municipal Manager								
Vote 3 - Corporate Services								
Vote 4 - Financial Services								
Vote 5 - Vote 5 - Community and Public Safety								
Vote 6 - Vote 6 - Technical Services								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
#REF!								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		37 236	49 582	72 524	-	-	-	-

**Table 57 MBRR SA36 - Detailed capital budget per municipal vote**

WC045 Oudtshoorn - Supporting Table SA36 Detailed capital budget						
Municipal Vote/Capital project	Ref	Program/Project description	Asset Class	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	4		3	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
BUDGET & TREASURY		COMPUTERS AND SOFTWARE	Computer Equipment	1 500	1 500	1 650
BUDGET & TREASURY		PLANT & EQUIPMENT	Machinery and Equipment	400	-	-
CANGO CAVES		TELEMETERY SYSTEM	Heritage assets	50	-	-
COMMUNITY SERVICES		OFFICE EQUIPMENT	Furniture and Office Equipment	350	-	-
ROAD TRANSPORT		REHAB ROADS AND STORMWATER	Storm water Infrastructure	1 920	3 070	-
ROAD TRANSPORT		PAVING OF STREETS	Roads Infrastructure	-	-	-
ROAD TRANSPORT		UPGRADING STORMWATER SYSTEM-BONGOLETHU	Storm water Infrastructure	877	877	701
ROAD TRANSPORT		UPGRADING STORMWATER SYSTEM - DE RUST BLOMNEK	Storm water Infrastructure	439	877	626
ROAD TRANSPORT		UPGRADING STORMWATER SYSTEM - DYSELSDORP	Storm water Infrastructure	439	877	1 882
ROAD TRANSPORT		REHABILITATION OF STREETS & SIDEWALKS	Roads Infrastructure	1 340	1 596	1 333
ELECTRICITY		HIGH MAST FLOOD LIGHT	Electrical Infrastructure	-	1 316	469
ELECTRICITY		DYSELSDORP BULK INFRASTRUCTURE	Electrical Infrastructure	2 632	7 895	11 404
ELECTRICITY		SUBSTATION SWITCH GEAR WARDS ALL	Electrical Infrastructure	-	200	1 000
ELECTRICITY		ODUTSHOORN TOWN CENTRE 11KV CAPASITY UPGRADE	Electrical Infrastructure	1 300	-	-
ELECTRICITY		UPGRADING 11KV	Electrical Infrastructure	1 908	2 022	3 000
ELECTRICITY		UNION SQUARE 22KV TIE FEEDER	Electrical Infrastructure	991	1 050	-
PUBLIC SAFETY		FIRE TRUCK	Transport Assets	300	-	-
PUBLIC SAFETY		UPGRADING TESTCENTRE	Community Facilities	50	-	-
SPORT & RECREATION		REHAB SPORTS FIELD LIGHTING	Sport and Recreation Facilities	6 403	-	-
SPORT & RECREATION		Oudtshoorn: N A Smit Swimming Pool	Sport and Recreation Facilities	-	640	-
SPORT & RECREATION		DYSELSDORP IRRIGATION PHASE 2	Sport and Recreation Facilities	926	-	-
SPORT & RECREATION		INDUSTRIAL LAWNMOWER	Sport and Recreation Facilities	120	-	-
SPORT & RECREATION		UPGRADING OF CHURCHSTREET SWMMING POOL	Sport and Recreation Facilities	80	-	-
WASTE MANAGEMENT		UPGRADING OF SOLID WASTE SITE	Solid Waste Infrastructure	3 947	2 661	-
WASTE WATER MANAGEMENT		UPGRADING OF DYSELSDORP WASTE TREATMENT PLANT	Sanitation Infrastructure	2 193	4 825	5 471
WASTE WATER MANAGEMENT		New Main Sewer Outfall East Pipeline	Sanitation Infrastructure	-	-	1 228
WASTE WATER MANAGEMENT		New 1200 VIP Toilets	Sanitation Infrastructure	-	-	2 092
WATER		BLOSSOMS GROUNDWATER PROJECT	Water Supply Infrastructure	-	17 544	35 088
WATER		New Bulk Water Supply Line	Water Supply Infrastructure	-	-	4 090
WATER		REHAB OF ASBESTOS/CEMENT WATER PIPES	Water Supply Infrastructure	-	2 632	2 490
WATER		KKRWS - REFURBISHMENT OF MECHANICAL & ELECTRICAL EQUIPMENT	Water Supply Infrastructure	8 772	-	-
WATER		WATER ELECTRICAL EQUIPMENT	Water Supply Infrastructure	300	-	-
Total Capital expenditure				37 236	49 582	72 524

## 2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format is fully complied with on a monthly basis up until the last section 71 reporting to the Executive Mayor (within 10 working days) and has progressively improved and includes monthly published financial performance on Oudtshoorn Municipality's website.
2. Internship program  
Oudtshoorn Municipality is participating in the Municipal Financial Management Internship program. Five interns have been appointed with effect from 1 April 2016 which are funded through the FMG in the current financial year.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA, the municipality is currently suffering as many critical vacancies exist in the BTO. The appointment of adequate management staff in the BTO will therefore be receiving priority and the necessary budgetary allocation has been made in the MTREF.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is submitted as draft with the MTREF and will be approved in accordance with the legislative framework after the budget approval it is directly aligned and informed by the 2017/18 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements. The annual report was tabled in Council and is currently available for public comments before submission to the oversight committee and thereafter final adoption by Council.
7. Minimum competency training  
Minimum competency training is underway and all required staff members are enrolled for the completion of the required training. Extension for the compliance has been granted by the National Treasury. Our participation in this program is in line with the assessment of current skills pool and capacity building to ensure less reliance on consulting services. The filling of critical vacancies will also require compliance by candidates to the minimum competency requirements.
8. Policies  
Various policy amendments are proposed as part of the budget process, all policies being revised are to be made available with budget documentation for public input.
9. mSCOA Readiness

The mSCOA awareness campaign commenced with the previous municipal council and was recently expedited to ensure compliance with the mSCOA classification framework. The mSCOA implementation plan was presented to the Accounting Officer for approval and

council was informed thereof. The mSCOA project steering committee will manage the successful implementation of the mSCOA project within the municipality by 1 July 2017.

The self-assessment tool and ICT functions questionnaire on the core financial system were completed and submitted to the national and provincial departments. It is evident that the Oudtshoorn Municipality is catching up and we are confident that the implementation of mSCOA will be successful as planned for 1 July 2017

## 2.13 Other supporting documents

**Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance**

WC045 Oudtshoorn - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

W04-04 Classroom - Supporting table 041 Supporting detail to Budgeted financial performance									2017/18 Medium Term Revenue & Expenditure Framework		
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>											
Total Property Rates	6	53 582	57 595	62 589	75 582	80 044	80 044	80 044	89 618	95 809	102 428
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 517			4 430	4 430	4 430	4 430	5 925	6 256	6 607
Net Property Rates		50 065	57 595	62 589	71 152	75 614	75 614	75 614	83 694	89 552	95 821
<b>Service charges - electricity revenue</b>											
Total Service charges - electricity revenue	6	162 746	177 974	194 440	240 208	235 193	235 193	226 688	236 358	250 303	264 821
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		6 401	6 901	7 937	6 568	6 568	6 568	6 568			
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	8 505	8 505	8 505		6 823	7 226	7 645
Net Service charges - electricity revenue		156 345	171 073	186 503	225 135	220 120	220 120	220 120	229 535	243 078	257 176
<b>Service charges - water revenue</b>											
Total Service charges - water revenue	6	41 360	54 800	56 696	89 719	90 585	90 585	79 732	81 725	93 943	101 717
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		2 690	8 673	10 129	8 596	8 596	8 596	8 596			
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	10 853	10 853	10 853		9 035	9 568	10 123
Net Service charges - water revenue		38 671	46 127	46 567	70 271	71 137	71 137	71 137	72 691	84 375	91 595
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue		24 797	26 299	31 536	48 617	48 938	48 938	41 447	43 007	45 545	48 186
less Revenue Foregone (in excess of free sanitation service to indigent households)		4 002	3 170	6 986	6 595	6 595	6 595	6 595			
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	7 490	7 490	7 490		7 307	7 738	8 187
Net Service charges - sanitation revenue		20 795	23 129	24 550	34 532	34 852	34 852	34 852	35 700	37 807	40 000
<b>Service charges - refuse revenue</b>											
Total refuse removal revenue	6	13 744	14 310	18 568	34 376	35 594	35 594	27 976	31 284	33 130	35 052
Total landfill revenue						-	-	-			
less Revenue Foregone (in excess of one removal a week to indigent households)		4 016	3 232	7 112	6 715	6 715	6 715	6 715			
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	7 618	7 618	7 618		7 439	7 878	8 335
Net Service charges - refuse revenue		9 728	11 078	11 456	20 043	21 261	21 261	21 261	23 845	25 252	26 716
<b>Other Revenue by source</b>											
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Other Revenue		23 703	5 991	7 515	-	-	-	-	-	-	-
Contributed/ Donated PPE		-	-	256	-	-	-	-	-	-	-
Public Contributions and Donations		120	78	-	-	-	-	-	-	-	-
Third Party Payments		-	-	-	-	-	-	-	-	-	-
Actuarial Gains		731	2 337	277	-	-	-	-	-	-	-
Admissions Fees		-	11 523	12 594	-	-	-	-	-	-	-
SUNDRY INCOME		-	-	-	-	-	-	-	-	-	-
OTHER INCOME		-	-	-	20 823	23 146	23 146	23 146	22 627	23 964	25 360
Reversal of Provision		-	30 239	-	-	-	-	-	-	-	-
Reversal of Impairments		29	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Total 'Other' Revenue	3	24 583	50 167	20 642	20 823	23 146	23 146	23 146	22 627	23 964	25 360
	1										
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	99 283	100 204	106 633	126 518	133 354	133 354	133 354	131 932	140 602	150 416
Pension and UIF Contributions		16 287	13 624	12 399	19 257	19 283	19 283	19 283	24 399	26 179	28 012
Medical Aid Contributions		7 254	8 244	10 228	10 567	11 106	11 106	11 106	18 569	19 869	21 260
Overtime		5 725	9 193	10 148	4 240	6 981	6 981	6 981	4 630	5 006	5 302
Performance Bonus		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		4 540	4 908	3 815	4 169	4 430	4 430	4 430	4 948	5 209	5 488
Cellphone Allowance		875	776	3 902	435	864	864	864	843	853	902
Housing Allowances		815	907	1 798	1 035	1 718	1 718	1 718	1 634	1 738	1 851
Other benefits and allowances		25 344	39 781	39 835	25 743	26 351	26 351	26 351	27 389	29 226	31 128
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-	-
sub-total	4										
	5	160 122	177 636	188 757	191 965	204 087	204 087	204 087	214 344	228 681	244 358
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	160 122	177 636	188 757	191 965	204 087	204 087	204 087	214 344	228 681	244 358



**Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	20 276	19 340	19 246	22 273	22 273	22 273	22 273	24 491	26 950	29 645
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE										
<b>Total Depreciation &amp; asset impairment</b>	<b>20 276</b>	<b>19 340</b>	<b>19 246</b>	<b>22 273</b>	<b>22 273</b>	<b>22 273</b>	<b>22 273</b>	<b>24 491</b>	<b>26 950</b>	<b>29 645</b>
<b>Bulk purchases</b>										
Electricity Bulk Purchases	112 299	123 466	138 927	150 010	149 998	149 998	149 998	152 260	161 243	170 595
Water Bulk Purchases	1 761	2 690	3 007	320	320	320	320	2 820	2 978	3 141
<b>Total bulk purchases</b>	<b>114 059</b>	<b>126 156</b>	<b>141 933</b>	<b>150 329</b>	<b>150 318</b>	<b>150 318</b>	<b>150 318</b>	<b>155 080</b>	<b>164 221</b>	<b>173 736</b>
<b>Transfers and grants</b>										
Cash transfers and grants	1 319	485	522	1 500	1 200	1 200	1 200	850	900	952
Non-cash transfers and grants	–	–	–	–	–	–	–	–	–	–
<b>Total transfers and grants</b>	<b>1 319</b>	<b>485</b>	<b>522</b>	<b>1 500</b>	<b>1 200</b>	<b>1 200</b>	<b>1 200</b>	<b>850</b>	<b>900</b>	<b>952</b>
<b>Contracted services</b>										
List services provided by contract	22 528	31 900	24 635	–	–	–	–	–	–	–
VEHICLE LEASE	–	–	–	4 068	4 068	4 068	4 068	6 956	7 348	7 756
PROFESSIONAL FEES	–	–	–	11 366	10 722	10 722	10 722	100	106	112
RENTAL OF OFFICE EQUIPMENT (COPIER MACHINES)	–	–	–	3 152	3 152	3 152	3 152	2 103	2 574	2 552
COMPUTER AND SOFTWARE LICENCES FEES	–	–	–	1 439	1 439	1 439	1 439	5 310	5 628	5 957
SECURITY SERVICES	–	–	–	5 000	5 000	5 000	5 000	5 000	5 500	6 000
VALUATION FEES	–	–	–	3 500	3 500	3 500	3 500	750	750	750
FLEET MANAGEMENT SYSTEM	–	–	–	1 531	1 531	1 531	1 531	850	900	952
OTHER	–	–	–	2 546	(4 190)	(4 190)	(4 190)	9 085	8 946	9 437
<b>sub-total</b>	<b>22 528</b>	<b>31 900</b>	<b>24 635</b>	<b>32 603</b>	<b>25 222</b>	<b>25 222</b>	<b>25 222</b>	<b>30 155</b>	<b>31 752</b>	<b>33 516</b>
<b>Allocations to organs of state:</b>										
Electricity										
Water										
Sanitation										
Other										
<b>Total contracted services</b>	<b>22 528</b>	<b>31 900</b>	<b>24 635</b>	<b>32 603</b>	<b>25 222</b>	<b>25 222</b>	<b>25 222</b>	<b>30 155</b>	<b>31 752</b>	<b>33 516</b>
<b>Other Expenditure By Type</b>										
Collection costs	–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions	–	–	–	–	–	–	–	–	–	–
Consultant fees	–	–	–	–	–	–	–	–	–	–
Audit fees	–	–	–	6 450	6 050	6 050	6 050	–	–	–
General expenses	–	–	–	–	–	–	–	–	–	–
List Other Expenditure by Type	–	–	–	–	–	–	–	–	–	–
Repairs & Maintenance	16 943	34 043	9 009	13 451	13 151	13 151	13 151	17 042	17 709	18 889
Impairment	–	2 145	12 199	–	–	–	–	–	–	–
Actuarial losses	90	666	2 928	–	–	–	–	–	–	–
Fruitless & Wasteful Expenditure	–	–	–	–	–	–	–	–	–	–
OPERATING GRANT EXPENDITURE	–	–	–	37 090	12 006	12 006	12 006	–	–	–
Assets written-off	113	22	1 238	–	–	–	–	–	–	–
Stock written-off	–	–	–	–	–	–	–	–	–	–
Stock ADJUSTMENTS	–	42	(5)	–	–	–	–	–	–	–
Insurance	–	–	–	1 300	1 402	1 402	1 402	1 602	1 712	1 830
Other Expenditure	90 046	88 934	23 774	29 790	39 605	39 605	39 605	113 502	101 760	87 632
Agency Fees	–	–	–	10 879	13 294	13 294	13 294	14 000	15 000	16 000
Printing & Stationery	–	–	–	476	518	518	518	571	845	911
Subsistence & Travel	–	–	–	648	943	943	943	1 296	1 586	1 844
Advertisements	–	–	–	314	527	527	527	771	826	872
Bank Charges	–	–	–	1 990	2 228	2 228	2 228	2 317	2 477	2 647
Legal Fees	–	–	–	3 500	3 220	3 220	3 220	1 750	1 866	1 986
Interest Paid	–	12 142	17 921	5 000	5 000	5 000	5 000	2 000	2 140	2 290
Commission Paid	–	–	–	2 648	2 744	2 744	2 744	2 808	3 084	3 270
Telephone Data Lines	–	–	–	1 300	1 455	1 455	1 455	1 490	1 401	1 216
Indigent ( Elec, Water , Refuse and Sewerage and Property Rates )	–	–	–	34 464	33 509	33 509	33 509	37 098	39 256	41 506
Loss on disposal of Assets	–	–	88	–	–	–	–	–	–	–
<b>Total 'Other' Expenditure</b>	<b>107 192</b>	<b>137 993</b>	<b>67 154</b>	<b>149 300</b>	<b>135 652</b>	<b>135 652</b>	<b>135 652</b>	<b>196 248</b>	<b>189 660</b>	<b>180 893</b>
<b>by Expenditure Item</b>										
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure	16 943	34 043	9 009	13 451	12 891	12 891	12 891	17 042	17 709	18 889
<b>Total Repairs and Maintenance Expenditure</b>	<b>16 943</b>	<b>34 043</b>	<b>9 009</b>	<b>13 451</b>	<b>12 891</b>	<b>12 891</b>	<b>12 891</b>	<b>17 042</b>	<b>17 709</b>	<b>18 889</b>

**Table 59 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

WC045 Oudtshoorn - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Municipal Manager	Vote 3 - Corporate Services	Vote 4 - Financial Services	Vote 5 - Community and Public Safety	Vote 6 - Technical Services	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
<b>Revenue By Source</b>																	
Property rates		83 694															83 694
Service charges - electricity revenue							229 535										229 535
Service charges - water revenue							72 691										72 691
Service charges - sanitation revenue							35 700										35 700
Service charges - refuse revenue						23 845											23 845
Service charges - other																	-
Rental of facilities and equipment		1 638															1 638
Interest earned - external investments		2 757															2 757
Interest earned - outstanding debtors		6 604															6 604
Dividends received																	-
Fines, penalties and forfeits		11 896				18 196											30 092
Licences and permits																	-
Agency services																	-
Other revenue		22 627															22 627
Transfers and subsidies		32 079	56	240	1 550	40 504	33 633										108 062
Gains on disposal of PPE																	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>161 295</b>	<b>56</b>	<b>240</b>	<b>1 550</b>	<b>82 545</b>	<b>371 559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>617 245</b>
<b>Expenditure By Type</b>																	
Employee related costs			36 509	16 911	27 825	61 976	71 124	-									214 344
Remuneration of councillors		10 591															10 591
Debt impairment		24 382															24 382
Depreciation & asset impairment		-	6 357	162	63	4 053	13 856										24 491
Finance charges		6 929															6 929
Bulk purchases							155 080										155 080
Other materials																	-
Contracted services		280	1 931	1 339	8 956	10 895	6 754										30 155
Transfers and subsidies		850															850
Other expenditure		196 248					-										196 248
Loss on disposal of PPE																	-
<b>Total Expenditure</b>		<b>239 280</b>	<b>44 796</b>	<b>18 413</b>	<b>36 843</b>	<b>76 924</b>	<b>246 813</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>663 069</b>
<b>Surplus/(Deficit)</b>		<b>(77 985)</b>	<b>(44 740)</b>	<b>(18 173)</b>	<b>(35 293)</b>	<b>5 621</b>	<b>124 746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45 824)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							35 062										35 062
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(77 985)</b>	<b>(44 740)</b>	<b>(18 173)</b>	<b>(35 293)</b>	<b>5 621</b>	<b>159 808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 762)</b>

**Table 60 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

WC045 Oudtshoorn - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Woods Education Trust - Supporting Table 04: Supporting Detail to Budgetary Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits		9 808	302	16 217	7 500	7 500	7 500	7 500	10 000	10 650	11 342
Other current investments		–	–	–	–	–	–	–	–	–	–
<b>Total Call investment deposits</b>	2	9 808	302	16 217	7 500	7 500	7 500	7 500	10 000	10 650	11 342
<u>Consumer debtors</u>											
Consumer debtors		54 006	61 735	32 358	55 000	106 448	106 448	106 448	122 922	137 324	152 663
Less: Provision for debt impairment		–	–	–	–	(60 831)	(60 831)	(60 831)	(85 213)	(111 066)	(138 457)
<b>Total Consumer debtors</b>	2	54 006	61 735	32 358	55 000	45 617	45 617	45 617	37 709	26 258	14 206
<u>Debt impairment provision</u>											
Balance at the beginning of the year		–	–	–	40 610	60 280	60 280	60 280	60 831	85 213	111 066
Contributions to the provision		–	–	–	15 000	551	551	551	24 382	25 853	27 391
Bad debts written off		–	–	–	–	–	–	–	–	–	–
<b>Balance at end of year</b>		–	–	–	55 610	60 831	60 831	60 831	85 213	111 066	138 457
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		621 174	647 631	651 670	962 536	986 617	986 617	986 617	991 742	1 041 325	1 113 848
Leases recognised as PPE	3	1 683	807	115	10 084	10 084	10 084	10 084	–	–	–
Less: Accumulated depreciation		–	–	–	294 672	294 672	294 672	294 672	307 013	333 964	363 609
<b>Total Property, plant and equipment (PPE)</b>	2	622 858	648 438	651 785	677 947	702 028	702 028	702 028	684 729	707 361	750 239
<b>LIABILITIES</b>											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		16 201	16 528	19 187	9 504	9 504	9 504	9 504	10 101	10 940	11 876
<b>Total Current liabilities - Borrowing</b>		16 201	16 528	19 187	9 504	9 504	9 504	9 504	10 101	10 940	11 876
<u>Trade and other payables</u>											
Trade and other creditors		43 354	64 091	93 989	60 000	60 000	60 000	60 000	30 000	30 000	30 000
Unspent conditional transfers		10 179	6 331	17 634	25 000	25 000	25 000	25 000	7 500	5 000	3 000
VAT		–	6 906	7 079	–	–	–	–	–	–	–
<b>Total Trade and other payables</b>	2	53 534	77 328	118 702	85 000	85 000	85 000	85 000	37 500	35 000	33 000
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	80 588	72 029	67 737	91 822	91 822	91 822	91 822	46 775	35 835	23 959
Finance leases (including PPP asset element)		–	–	–	–	–	–	–	–	–	–
<b>Total Non current liabilities - Borrowing</b>		80 588	72 029	67 737	91 822	91 822	91 822	91 822	46 775	35 835	23 959
<u>Provisions - non-current</u>											
Retirement benefits		153 066	125 218	138 894	103 289	103 289	103 289	103 289	148 917	169 488	191 472
List other major provision items		–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation		–	–	–	45 628	45 628	45 628	45 628	2 521	2 670	2 825
Other		–	–	–	–	–	–	–	18 050	19 314	20 665
<b>Total Provisions - non-current</b>		153 066	125 218	138 894	148 917	148 917	148 917	148 917	169 488	191 472	214 962
<b>CHANGES IN NET ASSETS</b>											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		502 369	468 547	453 475	389 975	469 695	469 695	469 695	517 166	507 369	512 732
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		502 369	468 547	453 475	389 975	469 695	469 695	469 695	517 166	507 369	512 732
Surplus/(Deficit)		(17 426)	(15 072)	(42 335)	37 273	21 265	21 265	21 265	(10 762)	10 474	33 491
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
<b>Accumulated Surplus/(Deficit)</b>	1	484 943	453 475	411 140	427 248	490 959	490 959	490 959	506 404	517 843	546 223
<u>Reserves</u>											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
<b>Total Reserves</b>	2	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	484 943	453 475	411 140	427 248	490 959	490 959	490 959	506 404	517 843	546 223

**Table 61 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

WC045 Oudtshoorn - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		97981	84,694	79,604	95,933	98	98	96	96	96	96	96
Females aged 5 - 14		4000	4,500	3,800	4,500	15	15	15	15	15	15	15
Males aged 5 - 14		4500	4,200	4,000	4,600	20	20	20	20	20	20	20
Females aged 15 - 34		3000	3,600	4,300	4,200	5	5	5	5	5	5	5
Males aged 15 - 34		3500	2,200	3,200	3,400	20	20	20	20	20	20	20
Unemployment		25.1	33.7	23.78	13.3	0	0	24	24	24	24	24
<b>Monthly household income (no. of households)</b>	1, 12											
No income		2.3	2 000	3 800	1 400			2 149	2 149	2 149	2 149	2 149
R1 - R1 600		3.5	2 000	3 600	1 400	47 266	47 266	47 266	10 745	10 745	10 745	10 745
R1 601 - R3 200		3.8	1 100	3 500	3 000	26 277	26 277	26 277	5 970	5 970	5 970	5 970
R3 201 - R6 400		4.9	1 000	3 300	4 000	13 288	13 288	13 288	3 582	3 582	3 582	3 582
R6 401 - R12 800		16.1	5 000	1 000	4 000	3 767	3 767	3 767	836	836	836	836
R12 801 - R25 600		23.5	5 000	800	3 800	2 627	2 627	2 627	287	287	287	287
R25 601 - R51 200		18.6	4 000	10	1 800	1 469	1 469	1 469	119	119	119	119
R52 201 - R102 400		11.1	10	5	2	359	359	359	87	87	87	87
R102 401 - R204 800		8.4	2 000	3	1 800	90	90	90	52	52	52	52
R204 801 - R409 600		4.6	600	-	5	56	56	56	48	48	48	48
R409 601 - R819 200		0.8	400	4 500	1 000	20	20	20	5	5	5	5
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2	43.2										
<b>Household/demographics (000)</b>												
Number of people in municipal area		97981	84,694	79,604	95,933	98	98	96	96	96	96	96
Number of poor people in municipal area		43.2	43.8	36.7	41.2			24	24	24	24	24
Number of households in municipal area		23362			22,683			24	24	24	24	24
Number of poor households in municipal area		5395						2	2	2	2	2
Definition of poor household (R per month)		3300										
<b>Housing statistics</b>	3											
Formal		21316	14 979	15 412	78	19 390	19 390	19 390	19 710	19 710	19 710	19 710
Informal		5.5	725	1 588	5.5	2 519	2 519	2 519	2 200	2 200	2 200	2 200
<b>Total number of households</b>			15 704	17 000	78	21 909	21 909	21 909	21 910	21 910	21 910	21 910
Dwellings provided by municipality	4	78.3										
Dwellings provided by province/s		0										
Dwellings provided by private sector	5	1.7										
<b>Total new housing dwellings</b>			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)							5.6%	5.4%	6.6%	6.4%	5.7%	5.6%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)									9.8%	1.9%	5.7%	5.6%
Consumption growth (water)									11.6%	10.8%	5.7%	5.6%
<b>Collection rates</b>	7											
Property tax/service charges									96.0%	97.0%	97.0%	97.0%
Rental of facilities & equipment									100.0%	100.0%	100.0%	100.0%
Interest - external investments									100.0%	100.0%	100.0%	100.0%
Interest - debtors									96.0%	97.0%	97.0%	97.0%
Revenue from agency services									100.0%	100.0%	100.0%	100.0%

## 2.14 Municipal manager's quality certificate

I Reginald Keith Smit Acting Municipal Manager of Oudtshoorn Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: R. K. Smit

Acting Municipal Manager of Oudtshoorn Municipality (WC045)

Signature: \_\_\_\_\_

Date 25 May 2017